JULY 1988

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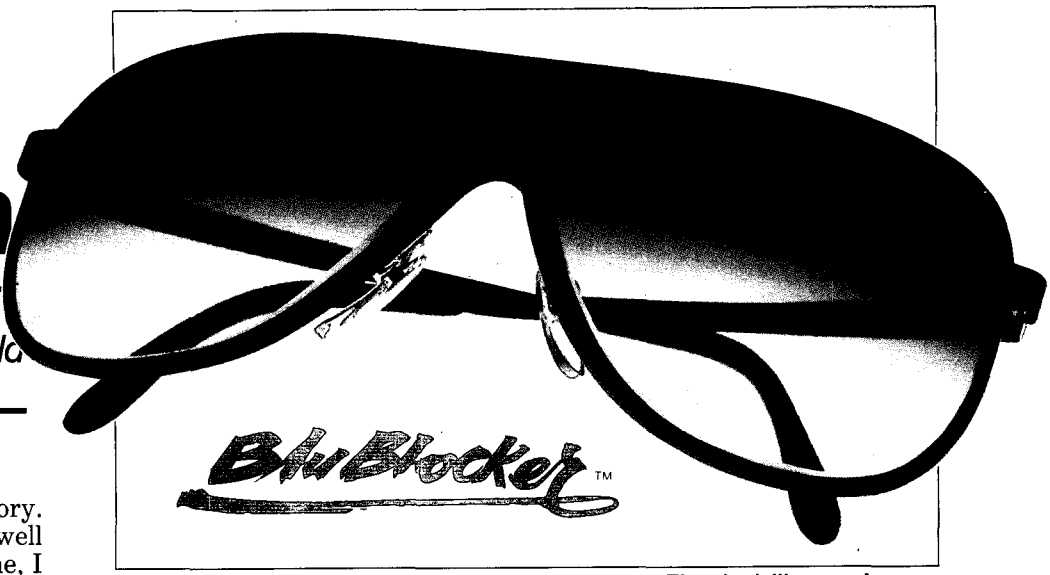
Vision Breakthrough

When I put on the pair of glasses what I saw I could not believe. Nor will you.



They look like sunglasses.

By Joseph Sugarman

I am about to tell you a true story. If you believe me, you will be well rewarded. If you don't believe me, I will make it worth your while to change your mind. Let me explain.

Len is a friend of mine who knows good products. One day he called excited about a pair of sunglasses he owned. "It's so incredible," he said, "when you first look through a pair, you won't believe it."

"What will I see?" I asked. "What could be so incredible?"

Len continued, "When you put on these glasses, your vision improves. Objects appear sharper, more defined. Everything takes on an enhanced 3-D effect. And it's not my imagination. I just want you to see for yourself."

COULDN'T BELIEVE EYES

When I received the sunglasses and put them on I couldn't believe my eyes. I kept taking them off and putting them on to see if indeed what I was seeing was indeed actually sharper or if my imagination was playing tricks on me. But my vision improved. It was obvious. I kept putting on my $100 pair of sunglasses and comparing them. They didn't compare. I was very impressed. Everything appeared sharper, more defined and indeed had a greater three dimensional look to it. But what did this product do that made my vision so much better? I found out.

The sunglasses (called BluBlockers) filter out the ultraviolet and blue spectrum light waves from the sun. Blue rays have one of the shortest wavelengths in the visible spectrum (red is the longest). As a result, the color blue will focus slightly in front of the retina which is the "focusing screen" in your eye. By blocking the blue from the sunlight through a special filtration process, and only letting those rays through that indeed focus clearly on the retina, objects appear to be sharper and clearer.

The second reason is even more impressive. It is harmful to have ultra-violet rays fall on our eyes. Recognized as bad for skin, UV light is worse for eyes and is believed to play a role in many of today's eye diseases.

SUNGLASS DANGER

But what really surprised me was the danger in conventional sunglasses. Our pupils close in bright light to limit the light entering the eye and open wider at night like the lens of an automatic camera. So when we put on sunglasses, although we reduce the amount of light that enters our eyes, our pupils open wider and we allow more of the harmful blue and ultraviolet light into our eyes.

DON'T BE CONFUSED

I'm often asked by people who read this, "Do those Blu-Blockers really work?" They really do and please give me the opportunity to prove it. I guarantee each pair of BluBlockers to perform exactly as I described.

BluBlocker sunglasses use Malenium-99™ lenses with a hard anti-scratch coating. No shortcuts were taken.

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But from what I've personally witnessed, once you wear a pair, there will be no way you'll want to return it.

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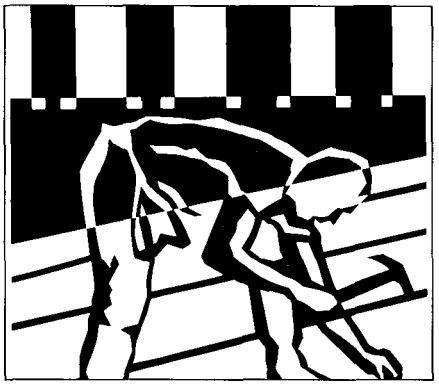
Free Minds & Free Markets

July 1988/Vol. 20, No. 3



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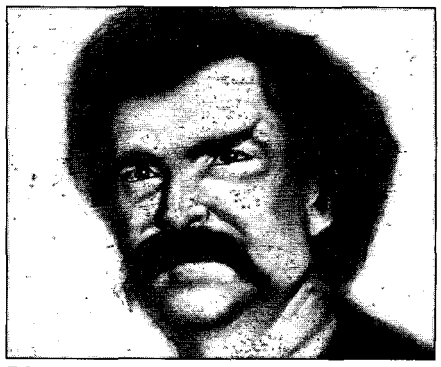

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LETTERS

Happy 20th—What's Next?

Your 20th anniversary issue is a monument to—no word play intended—reason, to individualism, to what some two centuries earlier, the Founding Fathers must have had in mind about limited government, a free society, and the bitter brew of neo-mercantilism. Congratulations.

William H. Peterson
Washington, DC

TWENTY YEARS PASS rapidly but bring much. I am looking forward to reading the issue received a few days ago. Best wishes for many more scores of years.

Lowell Harriss
New York, NY

CONGRATULATIONS on the 20th anniversary of a brilliant magazine. Whatever the assessment of the last two decades, the prospects for liberty during the next two are precarious.

The Soviet Union remains the greatest institutional threat to freedom in the world. The nascent stirrings of unrest described in Jack Wheeler's excellent series of articles in REASON (culminating in the June-July 1985 issue) are occurring on the fringes of the Soviet dominion, in areas that were not yet within the Soviet Bloc when REASON first appeared as a newsletter in 1968. The Soviet empire will not dismantle itself.

I look forward to reading your 40th anniversary issue. The state of liberty in the world will be closely linked to the role of reason in human affairs and to the willingness of reasonable people to lend aid and support to those willing to rise up against authoritarian Marxist regimes.

Jay B. Gaskill
Alameda, CA

Communicate with REASON!
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Drawing the Defense Line

Robert Nisbet's essay in the May issue ("Provide for the Common Defense") appears to be a poor mount for jousting with the status quo of "the common defense." If he takes exception to U.S. foreign policy, or is something less than enchanted with Woodrow Wilson, he will not be lonely. But to suggest that our $300-billion military budget may be divided into "common defense" and "busy-body interventionist" components is irresponsibly mischievous or frighteningly ignorant.

Mr. Nisbet appears to perceive that that which is required against the Soviet Union is legitimate. Very well, let us proceed from there. When one attempts to assess the adequacy of a military force, one must face up to two questions. What do you want the force to do? What is the magnitude and quality of the hostile force that it will encounter?

Let's start with the exotic and work toward the rifleman. Which of the three components of our strategic forces does Mr. Nisbet find too large? The Strategic Air Command? The ICBM force? Perchance the missile submarines? I'm not competent to judge; perhaps he is.

Moving on to the Air Force, I am unable to identify an area in which we have more airplanes than meeting the Red Air Force will require. Transports? Attack (dive bomb and strafe)? Reconnaissance? Fighters? In fact, several years ago, I was not able to find a responsible general officer on the Air Staff who would hazard an opinion on the outcome of the air battle in Europe, if it came.

Proceeding to the Navy and comparing tasks to forces, I can't find surpluses of

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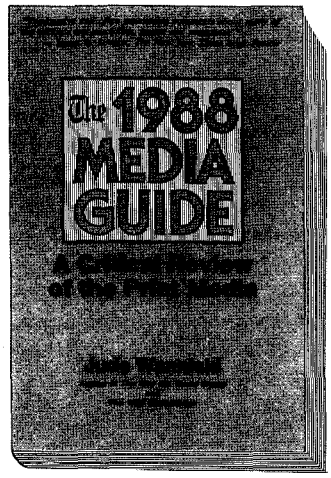
Media Guide reviews the leading business magazines.



BusinessWeek

We wrote last year that "there is no publication in American journalism that improved as much in 1986." In 1987, however, *BusinessWeek* slipped back, as it has from time to time, becoming once again a fast-food magazine. Readers could still get a good overview of what had gone on in the business world during the previous week, but would have to look elsewhere to make sense of the bigger trends. The magazine's weekly schedule, compared with biweekly for *Forbes* and *Fortune*, is both its greatest competitive strength and a possible source of weakness. There is a tendency to overreact to last week's news, and perhaps to tolerate some mediocre material simply to fill pages.

BusinessWeek's coverage of the ups and downs of the stock market illustrates a chronic tendency to exaggerate, and to extend the latest trends into the future. After the Dow Jones stock index dipped to 2254 in late April, *BusinessWeek*'s 5-11 issue was full of decidedly premature stories about the end of the bull market and imminent recession. Howard Gleckman and Blanca Riemer wrote that "the economy seems poised either to slide into recession or undergo a new round of inflation." Growth of real output instead averaged 3.6 percent for the first three quarters, inflation moderated, and the stock market surged another 500 points. *BusinessWeek* quickly changed its tune. "The Good Times Roll On," said the 7-6 issue; "on tap for [illegible]

Hot off the press is the 1988 edition of Jude Wanniski's annual critical review of print media in America—the *Guide Michelin* of periodicals.

Here are the opening paragraphs of Media Guide's penetrating comments about three major business publications. It's just a sample of what is available to readers and advertisers wanting objective evaluations and analyses of the major periodicals reporting on the world of business, politics and the economy today.

Advertisers and their agencies, who must make objective judgments about the relative merits of more editorial environments than they can personally evaluate, will find the 1988 Media Guide* an invaluable tool for making informed media decisions.

Forbes

Forbes continues to be one of the most informative, absorbing and integrated publications on our shelf, the very best business periodical for investors. The magazine distinguishes itself by going far beyond presenting isolated stories to its readership. Consistently, *Forbes* reveals the philosophical underpinnings of successful business in its people and idea-centered pieces. On a micro-scale, *Forbes* can analyze an event, the progress or failure of a company, or a trend in a particular market, inside out. The aggregate effect on a macro-level is to powerfully convey the energy of the American and world markets — something no other business publication has achieved at such a high level this year.

Editor James W. Michaels, one of the best in the business, is said to be a hard taskmaster, and the constant churning on the masthead suggests a lively effort and reward system. But the key to the kind of boldness we continue to see in *Forbes* is Michaels' courage. He has the fortitude to back his reporters by running with material no other publication would touch, as long as he's decided the material is solid, that all the questions have been asked, all the rigorous analysis completed. A perfect example of this, "Is Leslie Wexner Riding For a Fall," 4-6, by Steve Weiner, an audacious cover story that for all practical purposes predicts, correctly, the decline of the high-flying giant retailing chain, The Limited Inc. Again and again we see [illegible] at *Forbes* [illegible]

Fortune

The best we can say about Marshall Loeb's first full year as editor of *Fortune* is that we almost always find one rewarding piece somewhere in each issue. We're spending more time with it. After leaving a successful tenure as editor of *Money* in June of 1986, Loeb's step up to Time Inc.'s prestige flagship naturally invited speculation that he would convert the troubled *Fortune*, whose slip had been showing for years, into a slightly more sedate version of the magazine he'd left. He still might, but there continues to be so much to-ing and fro-ing under the Loeb aegis that it's not clear what kind of character it will have when matters crystallize.

Clearly it has become "the most painfully yuppie-oriented" of the business magazines, as one of our readers puts it. Another of our "news gourmets," a genuine Wall Street yuppie, had this line in his year-end summary: "Many of the articles are pleasant, pleasing stories that almost seem as if the *Fortune* writers are reporting on their fellow fraternity brothers, which most often strikes me that way when they're writing about *Fortune* 500 chiefs, RR, Secretary Baker, or Alan Greenspan." This isn't a hard-and-fast rule, by any means. Peter Nulty's sharp look at Allied-Signal's Edward Hennessy, 12-7, had the rough and tumble flavor we've come to expect in *Forbes*. We also appreciate Alex Taylor III, profiling Chrysler's Richard Dauch, 6-22, not Lee Iacocca. There is nothing wrong with admiring portraits of this pinnacle

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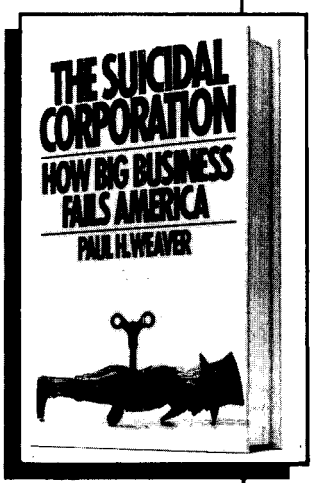

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LETTERS

amphibious ships, auxiliaries, mine sweepers, destroyers, frigates, cruisers, attack submarines, battleships, and aircraft carriers. All seem to be in tight supply. In the light of our strategic material shortages in the continental United States, the logistics of a NATO fight, and our sea control requirements, a global naval war looks like a very near-run thing.

This brings us to ground forces and the rifleman. I would like Mr. Nisbet to compare the United States' and Soviet Union's ground order of battle. This done, to then place himself on the 38th parallel in Korea and look north, and then leap to the Fulda Gap in Germany and consider holding the line of the Weser, and then give me a list of the ground units that he doesn't need. It is not at all clear that NATO will be able to conduct a successful nonnuclear defensive land battle through to the arrival of mobilized men and matériel.

Well, we have looked at ourselves and the Soviets, and there doesn't seem to be anything left for busy-body intervening, which is another way of saying that if the big balloon ever goes up when we are in the midst of a lesser intervention our posture will be like that of the fellow with one foot in the air and the other on the soap. The notion that we have too much of anything in the way of deployable forces is simply false.

Jack W. Dindinger
Spottswood, VA

The Politics of AIDS

In the course of a review of Randy Shilts's book, *And the Band Played On* ("The AIDS Assault," Apr.), Elizabeth Whelan makes several remarks about AIDS victims and gay men that are deeply and gratuitously offensive.

"Can anyone who knows the facts," she asks rhetorically, "deny that AIDS, as it appears in the homosexual and drug-using population, is a self-inflicted disease?"

Dear God, what are we talking about? *Knowingly* self-inflicted, or *un*knowingly self-inflicted? That the author means the former is clear from her assertion that cigarette-related disease "is also the consequence of a chosen behavior." Yet the correlation of smoking and lung cancer has been public knowledge for a generation.

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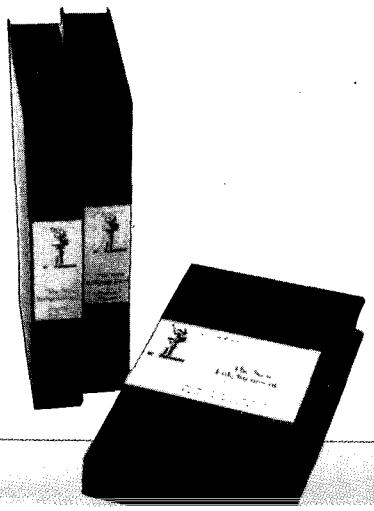

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Before 1981, however, not even the most educated laymen had any foreknowledge that the consequence of a vigorous and varied sex life could be any worse than a dose of tetracycline. "It comes with the territory" is a vicious put-down of sexual freedom, based on hindsight.

It is prejudicial to suggest that "the homosexual revolution was a health disaster." The homosexual revolution—by which one can only infer the reviewer means the gay liberation movement—has continuously asserted that lesbians and gay men have the same rights to life, liberty, property, and the pursuit of happiness as their heterosexual brothers and sisters. (If a good deal of rehashed '60s rhetoric has also found its way to the media ear, well...it's *too easy* to dismiss the fundamentals.) How does the sudden appearance of AIDS contradict the principle that millions of innocent and hard-working Americans should feel secure from assault, arbitrary incarceration, and unthinking dismissal from their jobs?

This review was a brutally insulting slap in the face of the victims of AIDS and all gay men. Were equivalently blatant remarks about any other minority group permitted to escape the blue pencil, you'd have anti-defamation leagues galore on your case.

Please cancel my subscription.

Jonathan T. Carriel, Jr.
New York, NY

IS ELIZABETH WHELAN suggesting that gays should be celibate, monogamous, or what in her attack upon "a political agenda that characterizes promiscuity as normal and acceptable behavior"? Her remarks on gay sexual practices were surprisingly puritanical ("and other practices that would make a sailor blush") and authoritarian ("close the bathhouses").

But most amazing is her failure to identify the Food and Drug Administration's drug approval policies—an average new drug costs $125 million and takes 8 to 12 years to obtain FDA approval—as the primary reason for the lack of available AIDS treatments. Dying AIDS victims (or terminal patients of any kind) cannot gain access to experimental drugs in this country or legally import drugs used to treat the disease in other countries. Pharmaceutical companies cannot legally communicate information about their experimental drugs with physicians or the public during the approval process. They can't even send doctors copies of scientific papers on experimental drugs! Whelan's conclusion is that "some forms of human sexual behavior are simply hazardous to our health." Mine is that we need a free market in medicine.

Sandy Shaw
Los Angeles, CA

I WANT TO CONGRATULATE Elizabeth Whelan for writing the most balanced, logical, and factual presentation on AIDS that I have seen thus far. As our editorial writer responsible for looking into health matters, I can assure you that I have read many thousands before the piece in the April 1988 issue. Whelan's article was a refreshing reminder of where the middle ground is on this issue.

Patti Breckenridge
The Tampa Tribune
Tampa, FL

The Supply-Siders Were Right—Period

To anyone who believes that a 100 percent marginal tax rate will collect less tax revenue than any lesser positive rate, David R. Henderson's piece, "The Supply-Siders Were Right (Partly)" (Apr.), comes as a welcome empirical confirmation that what had to be the case *is* the case.

But Henderson still did not explain why the "supply-siders" were only *partly* right. After contending that "the more extreme of them spoke as if total revenues, not just revenues from the rich, would increase," he backs off by admitting that he is unable "to find this claim in anything *written* by Laffer or Wanniski." It seems that Henderson has not looked very carefully at what they *did* say in writing.

Consider that infamous symbol of fiscal irresponsibility, the Laffer Curve. The primary purpose of the curve is to suggest that increasing marginal tax rates above a certain level will lead to lower rather than higher tax revenue. When marginal tax rates are above this level, a reduction in rates will actually increase the government's revenue collections. However, this inverse relation between tax rates and tax revenue is only supposed to apply to rates that are already above the revenue-maximizing level. The curve clearly shows that when rates are *below* this unspecified level a tax cut will do just what one would normally expect it to—*reduce* government tax revenue. Mr. Henderson seems to have ignored half of the curve—the half that is called the "*normal* range." It helps to remember that they called it that for a reason.

No one ever claimed that even the lowest federal income tax rates (when combined with state and local income taxes plus Social Security taxes) were above the revenue-maximizing level. All they did was observe that a revenue-maximizing level existed and suggest that at least some of our federal income tax rates (when combined with other taxes) were probably above it. (It is helpful to remember that the rate reductions for the lower tax brackets were included for political rather than economic reasons.)

They never said what that revenue-maximizing level was (because they did not know themselves), and neither could they say nor did they ever try to say whether the revenue gains that would likely come from reducing the higher marginal rates would be greater or smaller than the revenue losses that would probably come from reducing the lower marginal rates. When the supply-side theory is properly understood, one sees that the revenue losses in the lowest tax brackets are as much a confirmation of the theory as the gains in the highest tax brackets. The fact that the former exceeded the latter does not contradict the theory in any way. Why, therefore, is Mr. Henderson so reluctant to say that the supply-siders were right—period?

William G. Laffer, III
Houston, TX

Why SDI?

As an engineer working on SDI since its inception, I was pleased by Jonathan Marshall's praise of Edward Teller but was disturbed by his skepticism about strategic defense *per se* ("Darth Vader of Science?" Apr.).

Marshall strangely asserts that our only concern should be for deterrence and that pecuniary considerations should displace moral scruples as influences on policy. He apparently misses the point that a rational policy must account for the possibility of

Are Two Different Visions Tearing Our World Apart?

Thomas Sowell is at it again.

Over the last two decades he has taken on and demolished a mountain of myths in one area after another. Now he's turned in another blockbuster that breaks new ground with an originality of perspective and a boldness of style that will make everyone, left and right alike, sit up and take notice.

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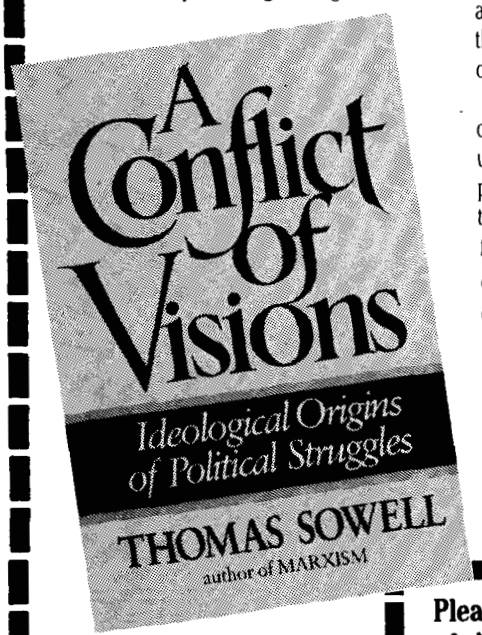
So different are these two visions that often people from one camp cannot even understand what those from another are talking about. But that hasn't stopped them from threatening to tear apart societies and egging on the world to potential disaster.

Why? Because as Thomas Sowell points out, visions are powerful things. They underlie our ideologies and our political positions, and they may motivate us more than money, power or fame. People will kill for them and die for them. Indeed, *"We will do almost anything for our visions except think about them."*

The purpose of this book is to help us think about them.

- ***Why do concepts like "freedom," "equality," "rights," and "power" have such different meanings to different people?***
- ***Can these differences ever be resolved?***
- ***Why are failed visions in the natural sciences so much easier to abandon than in the social sciences?***
- ***What makes some people undergo radical conversions?***
- ***How does evidence influence vision?***
- ***Are visions stronger than self-interest?***
- ***How do those with one vision regard those with another?***



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a *failure* of deterrence and that, in the event of such failure, defense is the only humanitarian alternative to a naked competition in acts of mass destruction.

The Scowcroft Commission report is a weak reed on which to depend for proof of deterrence stability. At the time, it should have been recognized as a palliative to dispel the "window of vulnerability" apprehensions engendered by Reagan's 1980 campaign; it merely reiterated the 30-year-old argument for a strategic triad of deterrent forces. Moreover, the report is outdated, having assumed that by 1988 we would have on alert 100 Peacekeeper ICBMs in hardened silos—of which we have only a smattering. Recently I have been privy to force-exchange analyses that indicate conclusive Soviet strategic superiority over our nuclear forces, implying that preemptive attack is an increasingly tenable proposition for the Soviets. (They may prefer dictatorial intimidation instead.)

Finally, the insinuation that "adding the shield...may merely embolden the warriors" is outrageously irresponsible. Is placing lifeboats on board an incitement for ship captains to ram icebergs? Five years of SDI weapon-design and system-architecture studies have revealed to me only one thing: the uncompromising emphasis on preventing or mitigating a nuclear attack against the United States. To say that strategic defense is a ploy for ulterior aggressive purposes is a scurrilous canard, propounded by those whose ignorance is exceeded only by their paranoia.

In all this, consider a world in which the Soviet Union holds a monopoly on strategic defense. It is the world of today. Should we be comforted thereby?

Michael J. Dunn
Auburn, WA

THE JONATHAN MARSHALL review reveals the most glaring inconsistency of the Star Wars approach. If Mr. Marshall is correct about the SDI shield being nothing more than a further guarantee of the survivability of our offensive counterpunch, then its introduction is at best an unhappy necessity. The warning and response time to a perceived act of nuclear aggression could be pushed past what is currently considered a bare minimum for reasonable judgment to be exercised. This could result in the "use them or lose them" approach being pushed into a much narrower and more dangerous time frame.

Further, it makes an all-out attack on the United States the only reasonable use of nuclear weapons in the event of a perceived attack, because neither side will risk the dangerous possibility of absorbing a first strike that would disable its ability to respond. Each side will rightly assume that the other is prepared to defend against a limited attack much better than an all-out assault, and each side will give the most credence to the worst-case scenario for communication collapse.

Perhaps this scenario will make us safer, but it is not the starry-eyed ideal of most Star Wars proponents. If we must go ahead with these systems, let's do it with our eyes wide open and our enthusiasm tempered with some skepticism.

Daniel Salem
Omaha, NE

The Dogs of Capitalism, by Mitchell Jones, extols the virtues of the unconventional person.

A "normal" person is a person who "fits in"—a person whose beliefs, in all important respects, conform to the cultural mainstream in his society. When the cultural mainstream is irrational, one must abandon reason if one is to fit in. In such societies, to be normal is to be *evil*. In Nazi Germany, normal people believed in Aryan superiority and participated in violent acts against the Jews. In Russia under Stalin, they believed in the collectivization of agriculture, and supported the mass starvation of the kulaks. In medieval Spain, they believed that heretics ought to be tortured until they confessed and then be burned at the stake.

The good man stubbornly clings to reason, even at the risk of his life. He relentlessly culls out beliefs which are contradicted by facts, even if those beliefs are central to the mainstream culture in his society. If he must abandon reason in order to fit in, he chooses to become a "social deviant." Such a man will despise Nazism even while living in Germany under Hitler. He will despise Communism, even while living in Russia under Stalin. And he will despise the Inquisition, even while living in Spain during the time of Torquemada.

The Dogs of Capitalism views human history in moral terms —i.e., as a war between good and evil. It is history with all the elements of drama: important values at stake, heroes and villains, struggle and crisis, victory and defeat.

Is such history interesting? Read *The Dogs of Capitalism* and find out.

* * *

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GIMME SHELTER

MARTY ZUPAN

Public housing officials in Chicago turn homeless squatters out of abandoned public housing units in the dead of winter. Bureaucrats from San Francisco to Boston prowl the streets looking to uncover residents' illegal conversions of single-family homes to multi-person living spaces. A local television news team uncovers the city of Los Angeles as the biggest slumlord in town, owner of hundreds of housing units that do not meet minimal standards of decency required of capitalist landlords.

But all liberal eyes are on Washington, D.C. From there, all blessings flow. Oh, Congress, we beseech you, let our prayers be answered. Let us have "a comprehensive housing bill for the 1990s."

Trembling in anticipation of the miracles that will happen once that old devil Reagan is gone and housing can be restored to its rightful place in the pantheon of the welfare state, the housing coalitions and task forces are releasing their studies and escalating their cries of crisis. This spring, four groups—from a national task force headed by developer and philanthropist James W. Rouse to the left-wing National Center for Policy Alternatives—blessed the faithful with alarmist reports. Robert Kuttner, *The New Republic*'s "economics" correspondent, quickly stepped to the pulpit. All exhort government to do more, more, more about housing—at least for the poor, and, now that you mention it, for just about everybody.

The new-found housing crisis isn't all it's cracked up to be. Particularly suspect are the frequent and pointed references to a decline since 1980 in the percentage of 25-to-39-year-olds making the jump to home ownership.

It's no doubt politically savvy to broaden the crisis to the middle class (and call for mortgage subsidies for first-time buyers). But this baby boom generation has confounded many other predictions extrapolated from their parents' experiences and choices. It's unlikely that the new trend, if it holds, can be simply explained as a function of scarce housing, as though late marriages, small families, and other lifestyle decisions made no difference.

Yet if there is not a crisis there is at least a significant problem when it comes to affordable housing for low-income Americans. The majority of poor people are renters, and they are spending a rising percentage of their incomes on rent. The problem is worst among those with the very lowest incomes; 47 percent use more than half their income for rent. Only a quarter of eligible households live in housing built or subsidized by the federal government. This in spite of construction of such housing that exceeded 200,000 units a year in the early '70s, dipped in the mid-'70s, and again went over the 200,000 mark in 1981 before being cut back to 41,000 units last year.

But a "new national housing agenda" envisioned by the preachers of crisis is not the best that can be done for those who lack housing opportunities.

It is, for one thing, completely unrealistic politically to think that the government spending machine can be cranked back up once Reagan is safely disposed of. The problem can't be dismissed with a wave of the Kuttner wand: "What's needed now is some serious money.... higher taxes....When Reagan finally leaves office, there will be a great deal more to do than balance the federal deficit [*sic*]." (Just think about what higher taxes would do to the home-buying prospects of those baby boomers.)

But even if Uncle Sam were rolling in money, having him in the landlord and construction business is not very smart. Under government regulations, such as those dictating prevailing union wages, building public housing ends up costing, on a monthly basis, $700 a unit. By contrast, under a housing subsidy voucher program operating in the last few years, the government has found that low-income renters can go into the market and get comparable housing for *$300* a month.

Government-financed housing also has a social cost: the segregation of residents into areas that are "safe"—not for them, but safely away from suburban neighborhoods. And it has an opportunity cost for the poor: its location can limit their responsiveness to employment opportunities.

For all these reasons, there is a growing recognition that government construction of subsidized housing is no solution. Thus the conservative Heritage Foundation and the President's Commission on Privatization call for converting federal housing assistance into vouchers.

Liberals object that this does not address the lack of *supply* of low-cost housing. Where are the poor to spend their vouchers? If the market were up to the task of supplying low-cost housing it would be doing so now, and no one would be spending half their income on rent. As the Rouse-led task force declared, "The private sector, without subsidy, cannot produce housing for low-income households. In 1986, only 7.5 percent (30,600 units) of the private sector's new unsubsidized, multifamily production rented for less than $300 a month."

But this focus betrays a failure to understand a key source of "new" housing at the low end of the market. Once that is understood, it is clear why Washington is *not* the answer to the poor's prayers.

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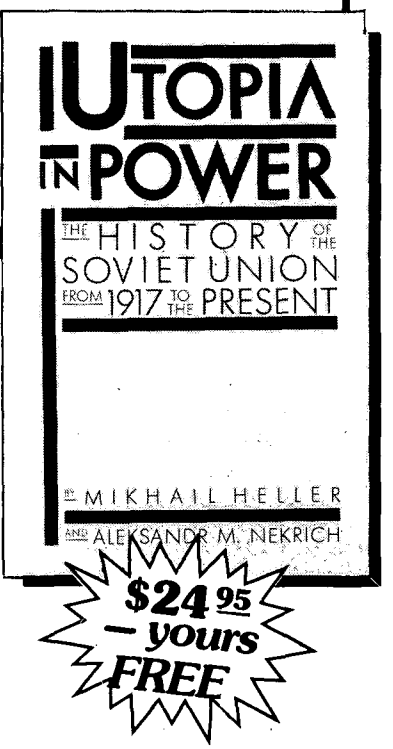
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American, urban planning professor William C. Baer detailed the extent of "the shadow market" in housing—reconstruction of the existing housing stock by subdivision, merging, and enlarging, as well as conversion of nonresidential structures to housing. He found this shadow market a major source of low-cost housing, accounting for a third of owner-occupied low-cost units and half of rental units.

Moreover, Baer pointed out, the shadow market could be even more effective if local governments would step out of the way, lifting restrictive zoning and building code requirements that outlaw or wrap red tape around creative adaptation of existing structures to existing people's needs.

What else could local governments do? Get rid of construction-discouraging rent control. Start realizing and publicizing the dark underside of "no growth" measures and building moratoriums: higher housing costs, more people squeezed out of the market, more homeless. Press the government to begin selling public housing to the poor at favorable terms. Stop tearing down housing in the name of redevelopment. We don't need a *national* housing agenda.

AFTER AMNESTY

VIRGINIA I. POSTREL

Amnesty has come and gone in a flurry of paperwork—72,000 applications on deadline day in the Los Angeles immigration district alone. Next comes the crackdown, as employers are conscripted in the war (why do we always call these things wars?) on illegal aliens.

After six years of bitter debate in Congress and another year in which amnesty dominated the headlines, the new immigration law is a fact of daily life. The purest Daughter of the American Revolution can no longer get a job without presenting the right papers.

But the United States is no closer than ever to resolving the contradictions of our immigration policy. And we still have not "gained control over our borders"—nor will we ever.

Just as people will risk their lives to cross the Wall as long as East Berlin remains enslaved, so people will risk mere deportation to cross the Rio Grande as long as America remains free—economically as well as politically. Greater force, whether exercised against employers or immigrants, raises the cost of illegal immigration. But it will not entirely cancel out the benefits, not as long as America is still America.

And no law can resolve our complex, mixed feelings about immigrants. Neither can the facts. We can wear ourselves ragged citing statistics and demolishing myths, pulling out study after study to show that immigrants add more to the economy than they subtract. That they pay more in taxes than they take out in services. That if they don't learn English, their children do. That they don't take jobs away from native workers and in fact may create jobs for them.

But the immigration debate is not, unfortunately, about facts. It is about images—powerful, gut-level images. To those who oppose immigration, aliens are just that—alien, foreign, sinister. They speak strange tongues, observe strange customs, carry strange values. They pollute our culture with their foreign ways.

Thus it is that cultural conservative Thomas Fleming writes in threatening tones about "the large number of illegal aliens who come to America for the sole purpose of producing citizens or finding jobs."

This is a pretty odd complaint. Most of our ancestors immigrated for the same reasons—freedom and capitalism, we might call them. And, besides, would Fleming really prefer immigrants who came here to stay single, get drunk, and collect welfare? If a native raises a family and works for a living, that's great. Traditional values in action. But those aliens—they're up to no good, no matter what they do.

Against this fear of the alien (xenophobia, from the Greek), those of us who support the right to immigrate hold up other images. Hard-working entrepreneurs and Nobel-winning scientists are our favorites, but we have another, more important image to offer—not of immigrants but of our country. The United States of America is a unique invention. It is not a tribe joined by common ancestry or shared history; it has no state religion and few official rituals; it is not even defined by the land itself.

America is an abstraction, one that drives people here from every corner of the globe and makes U.S. citizens the most instinctively patriotic people on earth. It is the first nation based on contract—voluntary agreement among Americans as individuals to live together and govern ourselves. Immigrants, here by choice, remind us that we live in a country based on choice. They make the national contract more than a philosophical metaphor expressed in 200-year-old documents. They make it a living covenant.

From childhood on, we hear this covenant described in terms of democracy and freedom of conscience. We're told of the Pilgrims, who came here seeking religious freedom: "They journeyed many a day and night/To worship God as they thought right," as our second-grade Thanksgiving poem put it. Immigrants become synonymous with refugees.

But because we are a nation based on choice, we have always attracted immigrants seeking economic as well as political freedom. Maybe we should teach kids a few poems about all the settlers who came here looking for the chance to own land.

And, while we should always extend a refuge to the persecuted, we shouldn't belittle those who seek economic asylum today. The Mexican who comes here to find a construction job and build a better life for his family expresses American ideals just as surely as the Soviet dissident escaping torture.

HEINLEIN REMEMBERED

ROBERT W. POOLE, JR.

"Science fiction writer," said the obituaries. If ever anyone deserved that description, it was Robert Heinlein. In the days when hacks cranked out potboilers about Bug-Eyed Monsters, this engineer-turned-author revolutionized sf with solid stories based on hard science.

But Heinlein was far more than simply an sf writer. He was among this country's first real futurists. He would take an idea—life extension, nuclear power plants, moon colonization—and work out its possible social and political implications. The point was not to *predict* the future but to anticipate possible consequences of new developments by thinking them through in advance.

For many of us, discovering Heinlein at an early age served as a kind of lifeline. His strong-minded individualism, his great respect for thinking and competence, and his exciting visions of the future inspired me, as they did millions of others. Heinlein was the first libertarian thinker many of us ever encountered.

Publishing REASON offers many rewards—and one was my invitation to the Heinleins' house in Santa Cruz 14 years ago. What began as an afternoon visit turned into dinner and an evening of lively conversation—as well as many autographs. I'll always remember him saying that REASON was one of the few magazines he saved intact.

Now, the man who created Lazarus Long is gone, at age 80.

BY THE WAY...

■Perhaps President Reagan is not solely to blame for losing the Pyrrhic "War on Drugs" (in lives spent and dollars wasted, it's beginning to make the Vietnam war look like a clear-cut victory). He is, after all, hampered by such fetters as the "presumption of innocence," Fourth Amendment protections against unreasonable searches and seizures, and the right to due process of law.

Not so the military. The Defense Department is boasting of surveys in which the number of servicemen and women who admit using illegal drugs is down by a third. Mandatory urine tests and summary discharges for those who fail (possibly on the theory that one bad discharge deserves another) apparently have been so effective that President Reagan considers the effort "a model" for combatting civilian drug use.

Let's hope the president's fervor for efficient military-style autocracy ends with drug testing. Else it soon may be short hair and identical clothes for all of us. ◻

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BRICKBATS

Guns don't kill—soda machines do. Since 1981, 11 people have died after shaking the damnable machines in futile attempts to get either a can of soda or their change back. The 1,000-pound machines tipped over and crushed them. Military action may be the solution: Army officials have alerted troops to the dangers of kicking and shaking vending machines and are considering a proposal to anchor the machines to the floor. Perrier, anyone?

No nookie for druggie. That was the ruling of U.S. District Judge John Hannum, who ordered a 31-year-old convicted drug dealer and father of three children out of wedlock to abstain from sex for five years as part of his probation. Michael Youngblood of Philadelphia can go to jail if he engages in "fornication" or "bastardy." Only marriage can void the condition of his probation. No one is sure how the sentence will be enforced. Pennsylvania revoked its laws against fornication and bastardy in 1974, and no such federal laws affect private sex.

The cow is more sacred in meat-producing Iowa than in India. In a public service announcement on a local radio show, an Iowa State University nutritionist suggested that people could reduce their risks of getting cancer by eating more vegetables and less red meat. That widely accepted recommendation outraged cattle farmers, who flooded the university and the state capitol with calls. The school courageously yanked the ads. The senate proceeded to hold hearings on the matter, during which several lawmakers reminded Iowa State who pays for the research.

South Korean television actor Park Yong Shik literally flipped his wig when President Chun Doo Hwan recently left office. Government officials had forced Park to wear a hairpiece because he resembled the balding former president. At the beginning of Chun's reign, Park was prohibited from appearing on state-run television, though he wasn't told why until later. Finally he managed to win some bit acting roles when he donned a toupee and grew a beard. "I hope such a comic thing will never happen again," he said.

THE MASSACHUSETTS MIRACLE

Keith Stewart, a vermin specialist with the Fresno County, California, health department, thought he was being helpful. On a TV newscast in which he was explaining signs of rat infestation, he said rat droppings resemble "unwrinkled raisins." Hardly a controversial statement, except that Fresno is the raisin capital of the world. Angry raisin growers called the TV station to protest this disparagement of their produce, and one even tried to get Stewart fired. Stewart has publicly apologized and promised in the future to use nonraisin terms.

A legislator in New Jersey has proposed a law that would make it illegal for anyone to "pretend to communicate with departed spirits" or use other "occult powers" for more than a "nominal" fee. The bill doesn't define *nominal*. Anyone who engages in palmistry, fortune-telling, or physiognomy (making predictions based on a person's physical characteristics) would be considered disorderly if his objective was "to promote the repeated use of his services for his own pecuniary gain." The bill also prohibits people from offering to place curses on others or communicate with the dead. Violators would face six months in jail and a $1,000 fine. At least they haven't banned sticking pins in voodoo dolls.

Audrey and Hugh Manwaring-Spencer of Scotland truly appreciate royalty—they named their newborn daughter Princess Dulcima Rosetta. The proud parents can call their daughter Princess if they want, but the toddler cannot legally have that name. A 1910 regulation says that because the name *Princess* is "part of the royal prerogative," it can't appear on a birth certificate without permission. Buckingham Palace does not approve.

—Mark Edward Crane

WHY YOU PROBABLY WILL LOSE EVERYTHING IN THE COMING DEPRESSION

Of course, you *could* be the exception. Even in the Great Depression a handful of people actually made fortunes—the ones who heeded the advice of economic realists like Bernard Baruch, famed "Wizard of Wall Street."

Baruch tried to warn the public of the coming economic disaster, but most ignored him. As a result, most of the population failed to escape the ravages of the Great Depression.

Throughout the centuries, a three-step scenario has unfolded:

First, the public is assured that some imminent cataclysmic event "could never happen here" or "could never happen today."

Second, the masses regurgitate these assurances, and anyone who calls attention to obvious realities is simply dismissed as a "doomsayer."

Third, the cataclysmic event *comes to pass!*

This scenario was clearly followed in ancient Rome, in pre-Napoleonic France, in Russia prior to the Bolshevik Revolution, in Germany under Hitler's early rule, and in the U. S. in the 1920s.

Now, bureaucrats and establishment economists are again almost frantic in their efforts to assure us that there is no reason for concern. History tells us this is a bad sign; the third step is practically upon us!

In every age "experts" have insisted, right up to the final collapse, that "it could never happen today," and those who claim otherwise are irresponsible "prophets of doom."

The "prophets of doom," of course, are usually the *true* prophets. Unfortunately, these are the ones most people rarely hear about.

Today there is a growing feeling among those prophets that James Dale Davidson is perhaps the brightest new economic mind to enter their ranks in years. Like the late Bernard Baruch, Davidson is endowed with a prodigious talent for forecasting economic events.

Davidson's first book, *The Squeeze,* won praise from Frederick A. von Hayek, Nobel Prizewinner in Economics, as "one of the really significant contributions to its field."

Now, Davidson has written a prophetic—and frightening—new book, ***Blood in the Streets,*** with his friend and colleague Sir William Rees-Mogg, former editor of *The Times* of London. Lee Euler, publisher of *Predictions,* says of ***Blood in the Streets*** that "a hundred years from now, Davidson and Rees-Mogg may well be remembered as the great prophets of our time."

How has Davidson earned this awesome reputation at so young an age? It is due not only to his genius, but to his unusual approach to domestic economic analysis—through firsthand experience on the *international scene.* His worldwide travels and contacts allow him to analyze the U.S. economy from a truly unique perspective.

And what does that perspective reveal? In *Blood in the Streets,* Davidson offers virtually irrefutable evidence that the U.S. will soon enter a depression far greater than that of the 1930s—probably by 1990 *at the latest.*

If Davidson is correct, then prudent, thrifty Americans who have prepared for the future in traditional ways will be completely wiped out. He warns that "many people never plan properly for the future, because they're afraid they'll discover they have built their hopes and dreams on foundations of quicksand."

Don't make the mistake of being caught unprepared because those who "ought to know" keep insisting that "it could never happen today."

A Second Chance to Heed the Warnings of Bernard Baruch

Those who ignored Bernard Baruch lived to regret it. Now investors of the '80s can heed James Dale Davidson, who is rapidly emerging as "the new Bernard Baruch."

In *Blood in the Streets,* Davidson provides specific advice on how to prepare for the coming economic collapse, advice which he says will actually produce *profits* for the prudent investor. In this book he makes practical use of his talent by examining:

The World Economy at the Brink
- The declining power of the U.S. will lead to financial upheaval.
- The plunging U.S. dollar *exactly parallels* the Smoot-Hawley trade bill that preceded the Crash of '29.

Stocks
- The major reasons why the stock market is *still* due to fall up to another thousand points!
- 2 factors that could cause the stock market to experience a phenomenal, *temporary* rise before plunging again.

Gold
- Why gold is your insurance against inflation *and* deflation.
- The shocks to the system that will increase demand for gold.

Banks
- Leaving large amounts of money in a bank, *regardless* of its size, is like playing Russian roulette.
- Why the failure of even *one* major bank can bring the whole rotten system tumbling down.
- The banking crisis that took years to develop in the last Depression could happen overnight this time.

Credit
- It is now all but impossible for the U.S. to avoid a complete credit collapse.

Currencies
- The advantages of holding certain foreign currencies.
- Why you should keep substantial funds in Switzerland, Germany, Austria, other selected countries.

Inflation
- Inflation is no longer the main danger. Your investment adviser may be "fighting the last war."

Real Estate
- Renting is better than owning.
- Million dollar homes for $50,000? Why real estate prices may eventually nosedive.

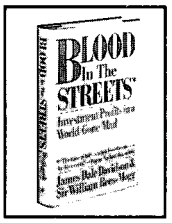
Speculative Opportunities
- Why Finland will be the Hong Kong of Russia, and which are the three hottest stocks in Helsinki for long term growth.

High Technology
- Fiber optics will doom every copper mine in the United States.
- Genetic engineering and computer science will create super machines smarter than humans.

...and much, *much* more.

Do the following events seem "impossible" to you?

Then remember that *Blood in the Streets* was published nearly six months before the Crash. You can profit from its incredible insights ...it's not too late to avoid:
- Strict controls on wages, prices and profits, with jail sentences for those who do not comply.
- Restrictions on travel abroad, severe limitations on your rights to take money out of the country.
- Massive bankruptcy of corporations, and governments.
- Chaos and riots in cities *and* suburbs, plummeting real estate values, the remnants of the middle class fleeing to rural areas.
- Painful shortages resulting in rationing, black markets, searches, seizures, and confiscation.



If you don't believe these events will occur, or don't know how to protect yourself when they do, you need to read *Blood in the Streets.*

"There's a Rothschild principle from which the title of this book is taken: 'The best time to buy is when blood is running in the streets.' It is a principle that is true today. The greatest profits can always be had by buying when prices are most depressed by pessimism. 'Blood in the streets,' however, is more than just the name for an investment principle. It is also a prediction about the world to come...

"The coming years will be a bad time to be ill-advised. A time fraught with snares for anyone who is unprepared. We could be on the verge of financial upheaval when blood will, indeed, 'run in the streets.' Many people will suffer staggering losses. Others, who take the right investment steps, at the right time, will earn handsome profits."

—James Dale Davidson with Sir William Rees-Mogg

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TRENDS

Tough to Take

Local governments used to be able to do pretty much whatever they wanted when it came to land-use regulation. Zoning and rezoning, slow-growth and no-growth ordinances, building permits conditional on giving local authorities free land—you name it, they tried it.

Property owners made deals or, if things got really desperate, sued to get the relevant ordinances overturned. They never stood a chance of collecting damages or compensation for the lost opportunities to develop their land.

Then last year the Supreme Court changed the balance of power. Thanks to two Court decisions, property owners can now claim a "taking"—and compensation from the government under the Fifth Amendment—in many cases when regulations infringe on their ability to use their land.

Now, property owners are taking those powerful precedents into court and winning:

• In August, New Jersey Superior Court Judge Marguerite T. Simon ruled that the Hackensack Meadowlands Development Commission had effectively confiscated 12.5 acres of private marshland by zoning out any development more substantial than an occasional billboard.

"Any doubt that I might have had as to the way to go in this case," said Simon, "was totally removed by Chief Justice Rehnquist in *First English Evangelical Lutheran Church of Glendale* v. *County of Los Angeles*" (one of last year's takings decisions). She ruled that the commission would have to buy the land to prevent development, and she ordered a panel of experts to determine fair compensation.

The commission, which is appealing, sees more at stake than a patch of marshland. "You can't have proper planning without proper zoning, so what is raising its head here is a question of the rights of all governing bodies to do some proper land-use planning," says commission spokesman Bob Grant.

• In North Carolina, Superior Court Judge Wiley F. Bowen has ordered the city of Durham to pay more than $150,000 in damages, plus attorney fees, to four citizens who want to build a motel on their property. Earlier in the trial, a jury ruled that the city had improperly downzoned the property to keep out the proposed Red Roof Inn. James Maxwell, attorney for the property owners, described the damages as a "penalty to the city of Durham for having confiscated this property for a three-year period of time."

• Developer G. K. Hunnewell is suing the Independence, N.J., Township Committee, which rezoned a large chunk of town after he had spent $1.6 million to buy 100 acres. He had planned to build 59 houses on the property but under the new zoning could build only 20. Hunnewell is asking $6.4 million to compensate for the time and money he lost because of the rezoning.

"The Supreme Court decisions were very instrumental in my mind," he told the *New York Times*. "The public hearings on the new ordinances were held the day before the story broke about the First English Church case in California, and it was bang-bang in my mind—this could apply to me."

Biotech Creates Environmentalist Strain

Spraying of corn crops with pesticides has been linked to the death of millions of birds and other animals. But biotechnology offers the prospect of an alternative, and that's produced an interesting split among environmentalists.

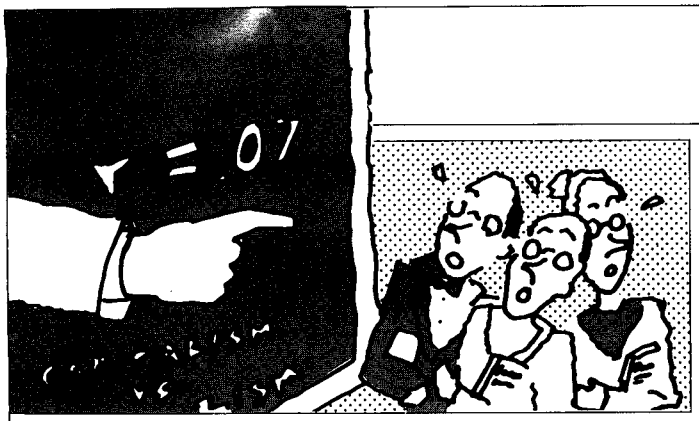
This spring, the Environmental Defense Fund, the National Audubon Society, and the National Wildlife Federation all lined up on the side of Crop Genetics International Corp. when it sought Environmental Protection Agency approval for a two-acre test of a genetically engineered corn plant that can protect itself against the corn borer caterpillar. Jeremy Rifkin, however, parted company with his environmentalist friends and stuck to his now-standard opposition to biotech developments no matter what their potential benefits.

Crop Genetics figures the use of pesticides on corn could be cut in half if its new strain—the first crop to incorporate a pesticidal bacteria—is successful. And it is working on genetic alterations that would defeat two other corn pests and completely eliminate chemical spraying of that crop.

With biotechnology's vast potential, environmentalists now have something to be *for*, not just against. Environmentalists who aren't Luddites, that is.

Who's the Fairest of Them All?

According to conventional wisdom, socialist and communist countries give up freedom for equality, while capitalist countries give up equality for freedom. Two professors, however, have come up with some wisdom of their own: that equality is determined not by a country's political system but by its level of economic development.



Writing in a recent issue of *PS: Political Science and Politics*, Thomas R. Dye of Florida State University and Harmon Zeigler of the University of Puget Sound and the University of Washington reviewed the work of many scholars who have studied income inequality across nations. Using standard measures, they then tested for correlations between the level of inequality and the nature of the political system, as well as per capita GNP and other possible factors.

Dye and Zeigler did find a statistically significant relationship with several other variables—inequality goes down, for example, as GNP is higher and political participation and personal freedom increase. But they turned up "virtually *no* relationship between capitalism or socialism and inequality (r = .07)."

Furthermore, capitalist countries are better at encouraging economic growth. So there's good reason to believe, conclude Dye and Zeigler, "that capitalism can bring about a more equitable distribution of income than socialism."

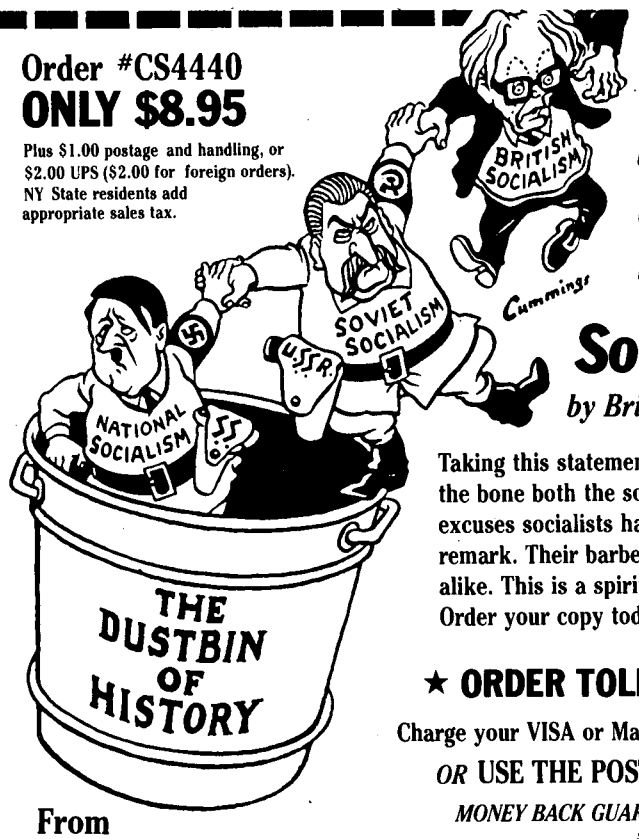
Social scientist Simon Kuznets came up with a rationale for this conclusion back in the '60s. He reasoned that in the early stages of a country's development, the wealthier people accumulate and save a disproportionately large share of the benefits of increased productivity. Over time, however, previously poor segments of the population take advantage of the new opportunities and acquire a bigger absolute *and* relative share of the new wealth.

While Dye and Zeigler found that inequality goes down as social welfare expenditures increase, they observe that these policies "are no greater in communist than in capitalist countries....Among the developed nations, the authoritarian socialist governments of Eastern Europe do *not* provide for any more equitable distribution of income than their western counterparts."

Dye and Zeigler take political scientists to task for asserting without evidence that socialism is better than capitalism at distributing wealth equitably. But the authors give credit where credit is due: "socialist economies do sacrifice individual freedom and economic well-being. That much of the conventional academic wisdom is true."

Farm Thunder from Down Under

For every dollar an Australian farmer earns on his crop, he gets another 13 cents in government subsidies. For



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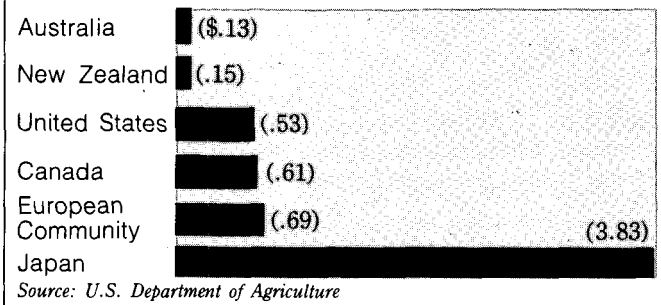


Source: U.S. Department of Agriculture

every dollar an American farmer earns, he gets 53 cents from the government.

Ian McLachlan, president of the National Farmers' Federation of Australia, says American farmers should follow the lead of their counterparts down under. If they gave up their subsidies, as Australian farmers did, they would be more competitive in the world market, McLachlan recently told a meeting of the American Farm Bureau Federation, the nation's largest organization of family farmers and ranchers.

A sheep rancher himself, McLachlan said that Australian farmers are better able to respond to market forces. For example, when the United States increased subsidies for wheat exports, Australians saw that prices were coming down and cut their wheat acreage by 21 percent, shifting to other crops. Without government programs to distort the agricultural market, Australians are not inclined to produce what no one wants.

In the United States, in contrast, farmers respond to new government programs passed to solve problems caused by old government programs. For example, to "cure" the problem of overproduction of subsidized crops, Congress in 1985 passed an "export enhancement program" guaranteeing farmers a profit on all exported foods.

"We are horrified by [that] program," McLachlan told a *Los Angeles Times* reporter. "It may be effective in moving

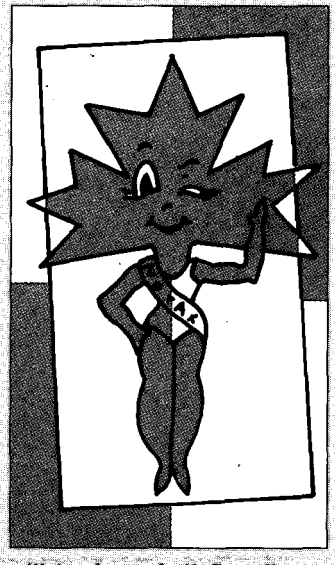
GLOBALTRENDS

Tax-free Banking, Eh?

BY REPEALING ALL TAXES for customer transactions made outside the country, Canada has begun attracting financial institutions from abroad. The catch? Banks must operate within an approved International Banking Center (IBC) to avoid national taxes and an International Financial Center (IFC) to avoid provincial taxes. Before long, Vancouver is scheduled to join Montreal in offering both kinds of tax-haven banking.

Two IBCs were authorized last December. Montreal and Vancouver were designated as cities where banks could accept deposits from and make loans to foreign customers without either party paying any federal tax.

Provincial taxes are the next target. Quebec has already approved its IFC, which means that banks operating within the Montreal IBC/IFC



will be free of all Canadian taxes. Also, Quebec has expanded the scope of services banks can offer in Montreal while still staying clear of provincial taxation. Virtually any operation, including asset management, securities transactions, and pension fund management, is approved.

And Canadian customers can get in on the action. Jean LaBonte, president of the International Financial Centers Organization of Montreal, says no provincial taxes apply "as long as there is one leg of the transaction that's offshore. You either buy stock on the New York exchange for a Quebec or Canadian resident—and that's considered an international transaction—or, say Salomon Brothers buys stock on the Montreal exchange for an American portfolio. Both operations are considered as the same thing."

At press time, LaBonte was getting ready to ease several foreign banks into Montreal's business life. He expected to issue operating certificates to three Swiss and two Japanese banks, as well as several Canadian brokers.

That may prompt the British Columbia legislature to move quickly on a set of bills that would turn the port of Vancouver into a combined IBC/IFC tax haven. According to Dale Parker, chairman and president of B.C. Bancorp, "Canada is increasingly being viewed in Asia as it already is in Europe—a favorable country for investment."

There are likely to be other benefits from the IBC/IFC legislation, as well. Domestic services for Canadians are likely to be cheaper because of greater competition between banks, and of course employment opportunities for Canadians will expand.

The big question is whether Canada will be seen as a more effective international player than the United States. Long before the IBC/IFC laws, Canada moved forcefully to deregulate banking. That topic is still, interminably, being kicked around in the United States. With the introduction of tax-free banking, Canada has raised the ante again.

—D. R. Blackmon

Global Roundup

■ *Still zealous.* New Zealand's Labour government is continuing its free-market push ("New Zealand's New Zeal," REASON, March). The minister for state-owned enterprises wrote a letter to state corporations asking them to justify their existence in the public sector and to draw up plans for their own privatization.

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surpluses at home, but it doesn't do anything for world prices but depress them even more." Australia, it's worth noting, exports 80 percent of its farm products, totaling about $18 billion last year, without such inducements from the government.

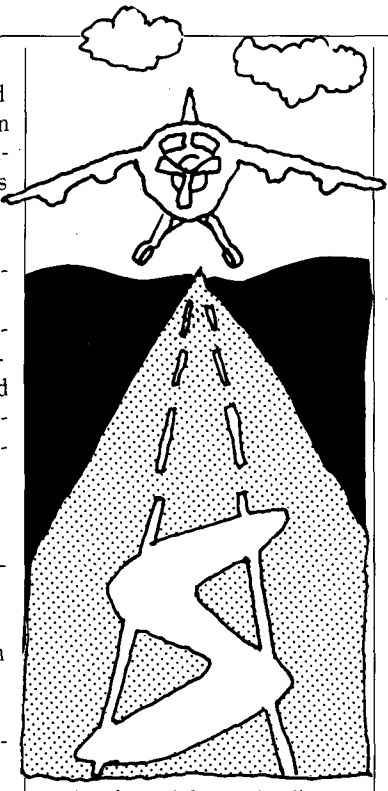
The "Committee of 13" Pacific nations, including Argentina and Canada, is determined to end farm subsidies and agricultural trade barriers internationally through the General Agreement on Tariffs and Trade (GATT). Although the Reagan administration has tepidly endorsed the idea, the European Community resists it. There, farmers receive an average 69 cents from the government for every $1 earned from crops. If the Europeans and Americans do not abandon protectionism, say members of the Committee of 13, they'll form a free-trade zone. (Japan is already Australia's number-one agricultural trading partner.)

"The fact is that the best of you are probably better than the rest of us—individually. But collectively you are in grave danger because of your inflexibility," McLachlan told his American audience. "I've got members saying to me, 'For God's sake, don't tell those Americans to give up their protectionism because they'll start to get internationally competetive.' "

Petite Planes Pay Their Price

Weary travelers flying in and out of Boston's Logan Airport are in for some good news: thanks to a change in the way the airport charges planes for using its airfield, fewer flights should be delayed.

Starting July 1, Logan will stop charging based solely on



a plane's weight—a landing-fee structure that gives smaller planes something of a free ride. It is the first airport to adopt such a cost-based pricing structure, but others are sure to follow.

In fact, the busy Kennedy, LaGuardia, and Newark airports may soon jump on the bandwagon. The Port Authority of New York and New Jersey, which runs the airports, has proposed raising peak-hour landing fees by 150 percent starting in September. The goal is to steer smaller planes into less crowded times—and to encourage commuter airlines to buy larger aircraft. At Logan, commercial jets account for 60 percent of takeoffs and landings but carry 95 percent of the passengers traveling through the airport. By contrast, general aviation flights (in the smallest planes) make up 10 percent of takeoffs and landings but carry a mere 0.5 percent of passengers. Both kinds of planes use valuable landing spots and create congestion, but the jets move passengers much more efficently.

Under the old pricing scheme, landing cost $1.31 per 1,000 pounds, or $25, whichever was greater. Under the new structure, the airport's costs will be plugged into a formula that includes a weight-based variable (to take account of such factors as wear and tear on the runway) plus a flat fee (to account for such unvarying costs as help from the control tower). Under the new formula, using this year's costs, each plane would pay $88 plus 47 cents per 1,000 pounds. (Flights to and from some New England airports will be exempt from the new rates.)

As a result, large planes will see their costs fall while smaller planes pay higher fees. For example, a Boeing 727, the workhorse of most commercial airlines, would pay $160, compared to about $200 now. By contrast, a nine-passenger Cessna 402 would pay $91, compared to the current $25.

Not surprisingly, general aviation organizations have filed complaints with the Federal Aviation Administration in an attempt to block the Logan plan. The Aircraft Owners and Pilots Association claims in its complaint that "no circumstances presently exist at Logan that would justify discrimination against general aviation in preference for common carriers."

But Tom Champion, a spokesman for the Massachusetts Port Authority, says traffic at Logan should drop by as much as 5 percent, primarily from a decrease in general aviation flights. And a 5 percent reduction in traffic would lead to a 40 percent reduction in delays, he says, because that 5 percent is what overloads the airport. For passengers who fly coach, not Lear Jet or Cessna, that should save a lot of time.

Out of the Mouths of...

Aleksander Paszynski, a Polish businessman who wants to start a group of companies to offer products and services needed to build homes:

"We want to create a system for matching people with ideas, and with those who have capital. Our philosophy is the philosophy of the free market."

Milestones

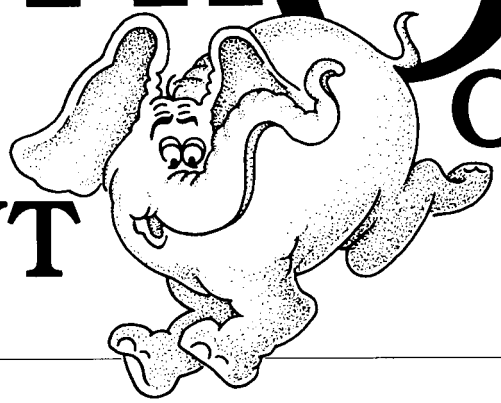
■ *Home sweet home?* The Department of Labor is (again) recommending repeal of regulations that bar workers from manufacturing garments and jewelry in their homes. The proposal is (again) drawing opposition from unions.

■ *Toying with the market.* The new electronic toy–based children's TV shows have flopped in the marketplace, sending the industry back to the drawing board and confounding critics who feared the commercial seductiveness of "kidvid" (see "Toys Will Be Toys," REASON, July 1987).

■ *Offensive law.* The Supreme Court agreed to decide in an Indiana case whether state and federal authorities can use racketeering laws to shut down a bookstore and confiscate its contents if authorities can show probable cause that the store has sold at least two obscene products. The Court is expected to rule this fall in the case, which affects mainstream booksellers, drugstores, and convenience stores as well as stores specializing in sexually explicit materials.

—Robert W. Poole, Jr., Lucy Braun, Virginia I. Postrel, and James Taranto

A LOOPHOLE THE SIZE OF AN ELEPHANT



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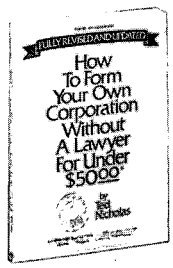

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REVOLUTI

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HARD-WORKING AND HOPEFUL TENANTS ARE FIGHTING TO TAKE CHARGE OF THEIR HOMES AND THEIR LIVES.

Lena Jackson still remembers the day she learned children were lining up on their way to school at a drug dealer's apartment in her Cleveland complex. That's when she and other concerned parents decided they would have to take drastic measures if they were ever going to improve the rat-infested, graffiti-smeared public housing project that was their home.

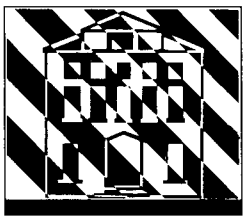
"We were in fear for our children," remembers Jackson, a stocky woman who speaks with sincerity and determination. She has an air of graveness as she talks about what she had to overcome. "Just like parents in the suburbs, we wanted the best for them. We told our children they could be any-

ILLUSTRATIONS • LAURA MAIN

ON THE ECTS

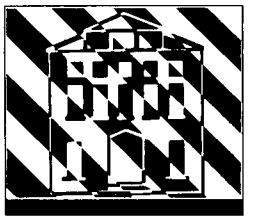
BY RITA McWILLIAMS

thing they wanted if they did their homework and worked hard. But we knew the environment was having an impact. We had to do something to restore the dignity in our community."



Jackson's troubles are not unlike those of many of the 2.5 million Americans who live in the nation's public housing. Security is sometimes so lax that shootings and stabbings are common, and drug pushers often have the run of the grounds. The smell of urine permeates hallways, and hot water can be a luxury.

Lena Jackson is one of hundreds of residents in at least 14 public housing projects who are working to give tenants control over their homes and their lives. Fed up with living conditions in the projects and too poor to move out, these tenants have taken over the management of their complexes from the housing bureaucrats who couldn't prevent the properties from becoming garbage-strewn war zones. Running their own complexes, tenants believe, is the only way to restore dignity to their lives.



From Boston to New Orleans, Washington to Chicago, tenants are transforming even the worst public housing projects into decent places to live. They screen applicants more closely than the overworked housing officials who live across town. They have established and enforced strict community standards. They have put youth to work fixing up buildings, instead of tearing them down.

Most importantly, tenant managers have injected a sense of pride and accomplishment into their neighborhoods. That's something that no outsider, no matter how well-intentioned, could do quite as well.

The public housing authorities that own the buildings haven't been entirely enthusiastic about the tenants' initiatives. Jackson says Cleveland public housing officials harrassed her when they found out she was serious about taking over the management of her complex. Officials in Boston, St. Louis, and Washington have shown similar distrust of residents who want to run their projects.

But despite setbacks and compromises, the tenants are winning—on Capitol Hill as well as in their own neighborhoods. They recently secured the rights of tenants nationwide to manage their own projects and won in principle the right to buy their own units. They failed, however, to win provisions that would make the units affordable. But that's another battle for another year.

This is the story of how hundreds of public housing tenants like Jackson are making poverty programs work for the poor. They are former welfare mothers turned property managers, accountants, and day care workers. They are former drug addicts who are learning how to install windows and doors. Tenant leaders like Jackson are hard-working and hopeful, and they are revolutionizing public housing.

Public housing was created 50 years ago to eliminate slums and create jobs. An earlier plea from President Herbert Hoover asking businessmen to provide housing for low-income Americans had failed, and in 1937 the nation's first housing act was signed into law. Its purpose was to provide "decent, safe and sanitary dwellings for families of

low income, and for the reduction of unemployment and the stimulation of business activity."

The idea was for families to stay in government-owned housing until they could afford to move out. The government paid the construction costs. Tenants would pay rent to cover operating costs.

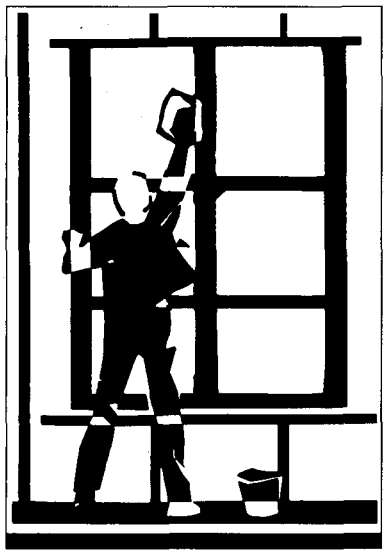
Cleveland's Lakeview Terrace was one of the first projects in the nation. Named for its view of Lake Erie, the complex of brick, two-story garden apartments was developed by a private builder who stopped construction when the Depression hit. In the late 1930s, the nation's first public housing authority completed the complex and began housing those left destitute in the wake of the Depression.

When Lena Jackson came to Lakeview in 1970, it was still a pleasant place to live. She remembers the well-tended lawns with blooming tulips and the playground. "It was a beautiful place," Jackson says. "Crime hardly existed."

But soon, services began to dwindle and many of the two-parent families moved out. White families also left; black families, like Jackson's, remained.

Behind the decline in services and the exodus of tenants was a series of housing law amendments passed in the early 1970s. With inflation skyrocketing, Sen. Edward Brooke, a liberal Republican from Massachusetts, worried that tenants didn't have enough money to pay the increasing costs of maintaining public housing. His good intentions led to many of the depressing conditions of public housing today.

Brooke sponsored a series of amendments that reduced the amount of rent tenants had to pay to 25 percent of their monthly income, rather than the full operating cost of maintaining their apartments. Amendment supporters assumed that the government would make up the difference between what it cost to run public housing and what the tenants paid.



But the gap was never filled. Housing officials, by necessity, started deferring maintenance on the already aging public housing stock. Cities today face multimillion-dollar maintenance backlogs. Cleveland, for instance, needs some $143 million to pay for deferred maintenance on its 12,000 units, according to the National Association of Housing and Redevelopment Officials (NAHRO). Los Angeles, NAHRO estimates, needs $483 million and Chicago about $743 million.

By the mid-'70s, life for the tenants had begun to change. Washers and dryers went unrepaired. Fresh paint became a rarity in some communities. There was no money for security or flowers or playground equipment. Finally, by the late '70s, there wasn't even enough money to supply adequate heat and hot water in some housing projects.

It was in 1982 that a neighbor called Jackson to report that a drug dealer had 11-year-olds lining up outside the dealer's apartment. She and two friends went into action. They formed a parents' patrol so their children could go back and forth from school each day without fear.

They helped the police stake out the drughouse. But that only stirred up threats from other dealers unwilling to give up their turf because of a couple of angry welfare mothers. The threats got so bad that Jackson placed two of her three daughters, Shameka, then 6, and Yolanda, 14, in the care of a friend until things settled down.

Jackson and other parents then turned for help to the Cuyahoga Metropolitan Housing Authority, which owns the property. They soon realized the authority couldn't solve their problem. So Jackson and other concerned tenants volunteered to help the housing authorities make the community a better place to live.

"They told us that we should pass out flyers that they gave to us," Jackson says. "Now we truly knew that this was not going to help us save our community. We had told them this is not going to meet our needs."

In Jackson's view, the local housing authority bureaucrats who managed Lakeview Terrace seemed concerned only with federal regulations and meeting their rent collection and occupancy quotas. "They didn't care who lived there. They went home at 5:00 P.M. They were just concerned about filling the units," Jackson said. "We had become a dumping ground."

So Lakeview Terrace residents went to local politicians to see what they suggested. That's when they learned that tenants of other public housing complexes had begun to manage their own properties successfully, even when housing authorities at first refused to cooperate.

Lakeview Terrace tenant leaders decided they needed to see for themselves how tenant management worked. Lacking money to visit any of the tenant-managed projects, they worked together to raise $700 by selling fish dinners, holding a car wash, and putting on a cabaret party with a deejay. With the money, they rented a van and sent 12 people on a 14-hour ride to check out the closest tenant-managed project, Cochran Gardens in St. Louis.

WASHERS AND DRYERS WENT UNREPAIRED. FRESH PAINT BECAME A RARITY. THERE WAS NO MONEY FOR SECURITY.

There, Bertha Gilkey and a band of tenants had transformed a crime-ridden complex into a vibrant community. Once so violence-plagued that its main building had been dubbed "Little 'Nam," Cochran Gardens represented what strong-willed, dedicated tenants could accomplish. (The project would later be featured on "60 Minutes," drawing national attention to tenant management.)

When Lakeview Terrace leaders arrived at Cochran they were amazed. They found well-tended yards, renovated apartments, and a day care center employing 25 former welfare mothers. The residents had begun a janitorial service, and former junkies were trained to reglaze windows and plaster apartments.

"We were impressed. We saw people taking control of their lives," Jackson says. "We thought that tenant manage-

ment would be the only solution."

When she and other tenants returned to Lakeview Terrace promoting tenant management, Jackson remembers, local public housing officials were at first leery, then seemed opposed altogether. There had to be an election, the officials said. So the tenants held one.

Some 150 people voted and elected Jackson president of the resident council. To get started, they went to the Cleveland Foundation, a nonprofit community group, which helped draw up a proposal so the tenant council could apply for grants from public and private sources.

"That's when we really began to run into problems with the housing authority," Jackson says. The authority refused to give the tenant council a letter to enclose with their proposal establishing that the authority, as owner of the property, would work with them to test tenant management.

Fortunately, says Jackson, the mayor of Cleveland and the federal Department of Housing and Urban Development (HUD) intervened on the tenants' side and asked the housing authority to let the tenants at least try to manage the property. The housing authority then gave tenants the letter of approval—but not, Jackson contends, before it began an investigation to find out whether or not she had an unauthorized occupant or an unauthorized dog living in her apartment. Since housing officials had generally ignored many such violations, she believes they were trying to harrass her into dropping the idea of tenant management. The investigations, she says, were unfounded.

The Cuyahoga Metropolitan Housing Authority tells a different story. According to Cindy Ward, assistant to the executive director of the authority, officials never really opposed tenant management at Lakeview Terrace. They were just concerned that tenants would be in over their heads. After all, how could second-generation welfare mothers and high-school dropouts cope with problems that professional accountants and managers couldn't solve?

"We were trying to be realistic in telling the residents just how difficult property management of public housing really is," Ward says. "No one was opposed to residents having a say, we just wanted them to know what they were getting into." Most public housing authorities have had similar reservations about tenant management. Although NAHRO and the Council of Large Public Housing Authorities both favor tenant involvement, they stop short of endorsing tenant *management*, which they say works in very few instances.

With the letter of approval in hand, however, Lakeview Terrace residents received a $46,000 training grant from the Amoco Foundation to set up a demonstration project. Next they set out to negotiate a contract with the housing authority—not an easy task.

"Every time we would bring something to the table, they had 99 reasons not to negotiate," says Jackson. To break this resistance, the tenants hired an attorney.

He "told us we should ask them to put all their answers in writing and ask to see the federal regulation they were citing to prevent tenant management," Jackson recalls. This tactic worked, and in November 1985, a year after negotiations began, tenants signed a contract with the local housing authority to manage the complex. The newly founded Lakeview Terrace Resident Management Firm became the tenth resident organization in the nation to manage public housing.

And that's when the really difficult work began.

The first action of Lakeview tenant managers was to hire a 24-hour security service. They also got residents involved in community clean-ups. They opened a community center and began the renovation of more than 100 units.

The public housing authority was right—it is tough to manage a community of some 624 families, like Lakeview, especially under complex federal guidelines. There were jealousies. Under its contract with the housing authority, the tenant management firm had a million-dollar budget. Other tenants, "even the ones who had supported us, thought we were making lots and lots of money," Jackson remembers. (In 1986, she began receiving $462 a month from the federal government for managing the property—money that would normally go to a housing authority bureaucrat.)

"THEY TOLD US THAT WE SHOULD PASS OUT FLYERS....NOW WE TRULY KNEW THAT THIS WAS NOT GOING TO HELP US SAVE OUR COMMUNITY."

The tenant managers began enforcing leases. Resident managers, unlike public housing officials, knew which families were making more money than they reported. Jackson had to evict one of her best friends for not paying enough rent.

"It was the middle of winter and the bailiff put her things out on the street," she said. "My children got so mad at me, they told me I was the worst mother they had ever seen. But I knew we couldn't play favorites."

While Jackson and other tenants were working at the grassroots level, Robert L. Woodson was busy in Washington. Disappointed with government programs to help the poor, Woodson had founded the National Center for Neighborhood Enterprise in 1981 to promote neighborhood-based self-reliance, including tenant management.

Interviewed in his stately office overlooking Dupont Circle in downtown Washington, Woodson explains that government welfare programs form what he calls "a Poverty Pentagon"—the people they employ have as much self-interest in continuing even failing programs as defense contractors have in Pentagon programs. The best people to create solutions to pov-

THE PROJECT'S GOING CONDO?

The American public housing residents who pioneered tenant management never imagined they'd wind up giving advice to the British government. But they have.

It all started in 1979, when the Thatcher government launched a bold program to sell off public housing units to their tenants. The program was a smashing success. By last fall, more than 1 million tenants had bought their units at a discount, taking substantial operating losses off the taxpayers—and turning many of the new homeowners into Tory voters.

Still, some U.S. critics of privatization claim the British experiment can't be duplicated here. Most of the units sold, they note, were single-family dwellings akin to townhouses. It's a lot harder to sell a single unit in a multifamily project.

All true. In fact, the British program itself is running into problems. Units in urban "tower blocks," large, multifamily complexes that resemble U.S. housing projects, have been nearly impossible to sell—even at discounts as high as 70 percent off the already-low market value.

But there are important differences between the United States and Britain, differences that may make large U.S. projects easier to privatize. For starters, U.S. units are simply better built. Many British buildings are cheaply constructed, '50s-vintage prefab jobs that are literally crumbling with age.

By contrast, the typical U.S. project may have graffiti and look bad, but the construction is sound. "It may need a lot of work done—a lot of plastering work, it may need the heating system worked on, but it's not actually falling down," says Stuart Butler of the Heritage Foundation, an expert on housing privatization.

Also, Americans are already used to cooperative modes of home ownership. Condominiums and building coops are common here—and many were once rental housing. Public housing could be converted the same way, with the tenant management organization becoming the new condo or coop board.

In fact, Kimi Gray and others involved in tenant management here have traveled to Britain to teach privatization advocates how to get people in large buildings interested and involved in running their projects. "It's an interesting twist that while the right-to-buy idea was imported here, now we're beginning to see some of the tactics reexported back to Britain," says Butler.

In the United States, he predicts, tenant management "is going to be not only the best but probably the only route to privatization." By cleaning up crime, cutting operating costs, and putting many residents to work, tenant management organizations make ownership not only economically feasible but also attractive. "Nobody's going to become an owner if the place is a jungle," Butler remarks.

British privatization shows that tenants will be willing to pick up full operating costs in exchange for a chance to own their own homes at a price they can afford. American tenant management demonstrates that tenants can run large, multifamily complexes. The trick now is to combine the two.

—V.I.P.

erty, he says, are those who have overcome it.

In 1984, the National Center brought together leaders of tenant groups from around the nation for a roundtable discussion. It was the first time most tenant leaders had met. They shared their victories and discussed the problems they still had to overcome.

They saw that public housing, designed as a temporary way station for low-income people on their way up, had become the permanent home of the hard-core unemployed. When housing projects were just temporary homes for people moving up and out, it made some sense to have bureaucrats control them. But public housing now often housed several generations of poor families. Housing projects hadn't aged well under the old bureaucratic management. Projects in the nation's major cities were decrepit monuments to well-intentioned but failing poverty programs.

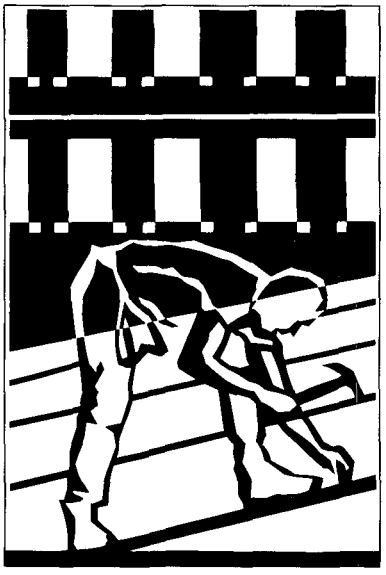
Many housing authorities didn't oversee work done at the projects, let alone try to punish people for throwing trash out of windows or for painting obscene words on walls. Managers should be required to live in the projects they manage, tenant leaders agreed, because only tenants can truly set and enforce community standards.

There were other problems, too. Some of the tenant leaders had taken jobs in the past only to see their rent go up because they were making more money, and rent, thanks to the Brooke amendments, is pegged to income. And centralized control of public housing funding forced well-managed public housing complexes to subsidize mismanaged ones.

Something had to change.

In 1986, the unusual team of Rep. Jack Kemp (R-N.Y.) and D.C. Delegate Walter Fauntroy, a liberal Democrat, said they would cosponsor a bill to help resident groups who wanted to manage their complexes. When they announced the bill, it was to reporters at Washington's Kenilworth-Parkside project—an appropriate backdrop. There, a tenant management team led by Kimi O. Gray had increased rent

collection from $40,000 to $83,000 monthly and helped tenants set up small businesses, such as a screen-door repair shop that employs 65 persons year-round and about 75 additional youths in the summer.



The Kemp-Fauntroy bill sought to duplicate this success throughout the country. It gave tenants the "right to manage" their complexes if they met certain procedural requirements and offered families living in tenant-managed complexes the "right to buy" their units at market rates after a three-year demonstration period. It also guaranteed tenant management corporations more control over modernization projects.

The bill also gave tenant management corporations two new sources of revenue: If they increased rent collections, they could use the additional revenue in their communities—for example, as seed money for small businesses. And the bill provided $5 million over two years to train as many as 50 tenant groups.

As the Fauntroy-Kemp bill was making its way through Congress, one of the pet peeves of tenant managers emerged as a contentious issue. Many of them complain about shoddy work done by groups—primarily unions—that negotiate contracts with housing authorities. They say housing officials often seem too busy to make sure the work is done properly.

Jackson tells of kitchen cabinets she has seen fall off walls days after installation and of flooring that buckled within weeks. Bertha Gilkey of Cochran Gardens recalls one contractor who would punch in at the complex at 8:00 A.M., go across town to the business he owned, and return at the end of the day to punch out.

IN 1985, THE LAKEVIEW TERRACE RESIDENT MANAGEMENT FIRM BECAME THE TENTH IN THE NATION TO MANAGE PUBLIC HOUSING.

"Unions see public housing as their feeding trough," Gilkey says. "It's rampant throughout the public housing—you don't get what you are paying for."

Tenant managers, in contrast, often prefer to hire residents, who Gilkey observes "have a vested interest" in getting the job done right. "What they do directly affects them and the lives of their children," she explains.

Battle lines were drawn when Rep. Bruce Morrison (D-Conn.), who had been the head of a local poverty law office, offered an amendment to the Kemp-Fauntroy bill designed to allay union fears that they would lose jobs if tenant managers put residents to work. Morrison, according to the 1988 Almanac of American Politics, is "a special favorite of unions." Half of the $294,000 in political action committee (PAC) money he received in the last election cycle came from labor.

He says union leaders, such as members of the American Federation of State, County and Municipal Employees (AFSCME), had come to him and asked him to block the Fauntroy-Kemp bill. "I told them tenant management should be given a chance to work," Morrison explains. So instead of opposing the popular bill, he set out to do what he refers to as "insuring the right of workers."

Michael Kerr, of AFSCME's legislative affairs office, refuses to comment on the tenant management provisions. "Why don't you just quote Congressman Morrison?" he said, when asked whether AFSCME wanted to kill the bill if it didn't contain the Morrison amendment. Then he hung up.

The Morrison language states that "the Secretary (of the Department of Housing and Urban Development) may not waive...rights of employees under collective bargaining agreements." Attacked by Gilkey and Kenilworth-Parkside's Kimi Gray as "antipoor and antiblack," the amendment seemed to bind tenant managers to union contracts negotiated by public housing authorities. The AFL-CIO insisted that tenants shouldn't be able to do even volunteer work in their own communities unless the work was subject to existing collective bargaining agreements or HUD gave its express permission.

The tenants were infuriated. They felt that liberal lawmakers, who claimed to represent their interests, didn't trust them to make their own decisions. Even many members of the Black Caucus refused to cross the unions.

Instead of letting other people represent the poor in Washington, the tenants themselves came to lobby for the legislation. To finance the trip, some held special fund-raising events in their projects. Others, like Bertha Gilkey, used profits from tenant-run services such as Cochran Garden's day care center.

"It was incredible," says Woodson, a tall, slim man who speaks with excitement about the tenant managers and the progress they've made. "Some people just could not believe that these low-income black women were out lobbying against the people who had traditionally represented the poor. And they were lobbying for a bill that Republicans were pushing. It blew people's minds."

LENA JACKSON HAD TO EVICT ONE OF HER BEST FRIENDS FOR NOT PAYING ENOUGH RENT. "I KNEW WE COULDN'T PLAY FAVORITES."

But they failed to swing enough votes to stop the Morrison amendment. And the House Democratic leadership prevented a vote on an amendment sponsored by Kemp and Rep. Richard Armey (R-Tex.) that would have enabled tenants to buy their units at 25 percent of market value with special equity-financing provisions. The Congressional Research Service estimated that families with an annual income of as low as $8,000 could qualify to buy their own units under Kemp-Armey. Under the "right to buy" at market prices, a family must have an income of $30,000 to $40,000 a year to qualify—

and almost no one with that much money is even allowed to live in public housing.

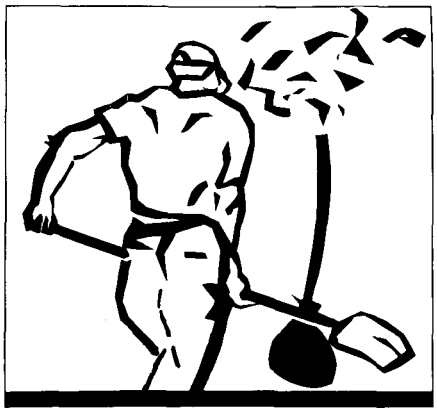
In February, the Kemp-Fauntroy bill, with the Morrison amendment attached, was signed into law. Just what the amendment does remains to be seen.

"SOME PEOPLE JUST COULD NOT BELIEVE THAT THESE LOW-INCOME BLACK WOMEN WERE OUT LOBBYING AGAINST THE PEOPLE WHO HAD TRADITIONALLY REPRESENTED THE POOR."

So far, it has caused few problems. Morrison contends that his amendment binds public housing authorities to find jobs elsewhere for union members whose jobs had been taken over by residents. And Lena Jackson says her project has made a smooth transition; many union workers were moved to other "estates," as Cleveland housing officials refer to housing projects. With new resident managers cracking down, rather than cross-town bureaucrats ignoring problems, union workers will at least have to do the jobs they're paid for. The real problem, says Bertha Gilkey, has been with oversight—not labor.

The road to tenant management is not an easy one, nor do all attempts succeed. "Some people say, 'Let's do TMC (tenant management councils),' like they would say, 'Let's do lunch.' It just doesn't work that way," says Robert Rigby, executive director of the Jersey City Housing Authority. After working with three successful tenant-managed projects and one unsuccessful project, Rigby has identified the qualities that make for success.

Stable and experienced—or at least well-trained—tenant leaders are a must, he says. Often such leaders emerge from existing community organizations, such as a tenant security effort organized at one Jersey City project to monitor who came in and left the buildings after dark. Groups set up to tutor students, operate laundries, or establish lunch programs may



also develop future managers.

Another key ingredient is a good working arrangement with the housing authority. "This notion that a TMC can tough it out themselves is a fallacy," Rigby says.

And having enough funds to make capital improvements is essential to maintaining the support of residents. "If they are cold in the winter," he says, "tenants are not going to be receptive" to following rules set out by new tenant managers.

Successful tenant managers are now working to help out fledgling groups—and to control their own political destiny. In the wake of their political battle, tenant management groups have formed an association, headed by Mildred Hailey, the first resident manager of the Bromley-Heath project in Boston. The association, Hailey says, aims to "make the poverty programs work for us."

Another tenant organization, designed to work in coordination with the association, is the National Tenant Union, led by Gilkey, a former Black Panther who doesn't intend to lose any more battles. The National Tenant Union has been registering voters and is targeting politicians for defeat. Morrison is on their list.

"We are going to put heat under the feet of congressmen and senators who are not voting in the best interest of people living in subsidized housing," vows Gilkey.

"Housing authorities are still putting so many stumbling blocks in our way," she says. "Housing authorities say, 'We just don't think you are ready yet.' Now, you tell me the difference between that and the philosophy of the South African government?" She is organizing and training tenant groups who have not yet been able to take over the management of their projects.

Gilkey says residents of the complexes also have a major responsibility in making tenant management work. "A lot of us talk about freedom, but we really don't want to be free. Freedom is not something that's given. It's something that's earned, it's something that's taken....You have got to want to chart your own destiny," she says.

"FREEDOM IS NOT SOMETHING THAT'S GIVEN. IT'S SOMETHING THAT'S EARNED, IT'S SOMETHING THAT'S TAKEN....YOU HAVE GOT TO WANT TO CHART YOUR OWN DESTINY."

"Millions of dollars have been poured into antipoverty programs and they're giving it all away to people who are not poor—who aren't even doing a good job," she contends. "In 25 years we haven't learned. Like Martin Luther King, Jr., said, 'If not now then when? If not us then who?' That is our philosophy."

At Lakeview Terrace, it has been three years since residents took over. During that time, 124 apartments have been renovated. More than 50 residents are employed in the complex for the same money it had cost the housing authority to employ 9 workers. Tenant employees plaster walls and tend grounds. They have become carpenters, plumbers, and electricians. Residents can take classes held at Lakeview to qualify as certified exterminators. From 2:30 to 6:00 P.M., the community center runs a latchkey program that provides children with supervised playtime, a hot meal, and help with their homework. There are weight lifting classes and other sports and a computer for children. And, despite occasional disagreements, the housing authority and Lakeview tenant managers are now working together effectively.

"It's a new day," Jackson says. This year's goal is to get a convenience store on the property, maybe a 7-Eleven. And in three more years, Jackson dreams that she and other tenants will be able to buy their own homes. ◻

Rita McWilliams is a Washington, D.C., writer.

PHOTOGRAPHS • RICHARD O'HARE

AFTER APARTHEID

LEON LOUW

FRANCES KENDALL

Leon Louw is the director of the Free Enterprise Foundation of South Africa, a strong intellectual force against the awesome power of the state and hence the very roots of apartheid.

Persuaded by domestic and international examples of how free markets can make a significant contribution to the solution of seemingly intractable socio-economic problems, Louw and his wife, Frances Kendall Louw, coauthored the book After Apartheid: The Solution for South Africa, *which has become the all-time bestseller of nonfiction in South Africa.* After Apartheid *outlines the development of apartheid, demonstrates how it is a weapon to suppress the operation of the market, and offers a political solution for eliminating apartheid in a way that none of South Africa's racial or ethnic groups can politically dominate the other.*

Winnie Mandela, wife of imprisoned ANC leader Nelson Mandela, said, "After Apartheid*...is an extraordinary long overdue challenge to South Africa....[The authors] offer South Africa what she needs most—a broad alternative we have been looking for....Here lies hope for a shattered nation...from a voice white South Africa will listen to without fear." Chief Mangosuthu*

INTERVIEWED BY WALTER E. WILLIAMS

"There are numerous diverse groups in South Africa, all fearing that some other group will gain control of this big unlimited central power machine."

Buthelezi said, "Amid a sea of anger and tension, [After Apartheid] *may prove to be a rational, workable answer to South Africa's unique problems." The late Alan Paton, author of the bestseller* Cry the Beloved Country, *said, "As a firm believer in the advantages of a federal constitution for South Africa, I welcome this discussion of a canton system based on the Swiss model. I am pleased that people are taking this book seriously." Similar responses have come from across South Africa's political spectrum.*

Walter E. Williams, John M. Olin Distinguished Professor of Economics at George Mason University and a REASON contributing editor, has visited and lectured widely in South Africa. He caught up with the Louws during their lecture tour in the United States to find out more about this book, their ideas, and how they can win such broad support and sympathy among South Africa's divergent and antagonistic groups.

Reason: What is apartheid, and what was it designed to achieve in the eyes of its architects?

Leon Louw: Apartheid is a complex arrangement of a few hundred laws that have racially discriminating provisions. The major elements of apartheid were the creation of the "homelands," one for each of the major black tribes, intended to become a country for them; influx control, which required blacks to stay out of white areas unless they had a permit; and the Group Areas Act, which set aside areas for white occupation and some for black occupation and for Indians, which are Asian migrants to South Africa, and colored, which are people of mixed blood. The term *colored* in South Africa has no derogatory meaning.

Then there is social apartheid in the form of separate amenities such as cinemas, elevators, buses, schools, swimming pools. Then the major, final component of apartheid is the denial of the franchise to black people and initially to the Indians and coloreds.

There has been apartheid, although not by that name, ever since whites first settled in South Africa in 1662. The first "racials" came within eight years of the first white settlements. Ever since then there have been varying degrees of apartheid, which bottomed—there was the least apartheid—in about the third quarter of the last century. Then it started intensifying again during British rule from about 1880 to the 1930s.

The motives were economic. It was really blacks being taken out of competition with whites, first in agriculture and then in other areas like transportation, commerce, and industry. And then later the motive—this was in the late 19th, early 20th centuries—was to force blacks into the labor markets by not allowing them to own land where they were successful in farming and not allowing them to go into business, which many of them were doing.

Then, finally, really the only thing the present government did—for which many people think it created apartheid—was add social apartheid.

Reason: By present government you mean the National Party?

Louw: Yes, the National Party of today, which became the government in 1948.

Reason: And you're saying that apartheid basically had its roots in protecting whites from minority competition?

Frances Kendall: Yes. It was specifically stated that apartheid laws were to protect whites and to provide cheap labor. And nobody was embarrassed about it in those days. They thought it was perfectly reasonable that you should protect white people from competition and that you should ensure a big pool of cheap labor. Indian people were imported to South Africa, as were Chinese people, because there was a shortage of labor. And there was a shortage of labor because black farmers were self-sufficient.

Toward the end of the last century the blacks in the Eastern Cape in particular were allowed to compete freely with white people and to buy land freely, and they were introduced to Western technology by missionaries. At agricultural shows the black people walked off with all the prizes, and in fact, commentators at the time observed that in the eastern cape where white people couldn't make the land produce anything, blacks turned it into a flourishing garden.

So they didn't need to go into the mines to work. They were making a good living for themselves in agriculture. And laws were passed to force them off the land and into labor.

Reason: Could you give an example?

Kendall: One of the most significant was the Glen Grey Act, which was introduced by Cecil Rhodes in the British colonial government and passed in 1894. It prevented any black farmer, or any black person, from owning more than 10 acres of land. Big commercial farms that had been developed, where the black farmers employed labor and lived in large houses and sent their children to boarding schools, were simply destroyed. In the system of black people, where a whole family, an extended family, was dependent on one farm, it was impossible to support your family on 10 acres. So black agriculture and development was completely destroyed, and the people were forced to move off into industry.

Reason: How successful has apartheid been in conferring privilege on whites in South Africa?

Kendall: It was very successful in protecting working-class whites from competition from black workers. It made sure that there was no white unemployment to speak of. It succeeded very well, for a very long time, in keeping blacks from entering the economy except at the lowest level.

Louw: For whites who merely want to indulge in racial prejudice and have separate white schools and want taxpayer-funded resorts, it was successful—they got a great deal of taxpayer funding and government-protected separation merely as an end in itself, for purely racial prejudice. But the vast majority of whites had more disadvantage than advantage from apartheid, in the sense of the immense cost of trying to create and fund the homelands, the immense cost of trying to keep blacks out of white areas when whites are only 16 percent of the population. And

for whites as consumers it meant that they paid higher prices for products that could have been produced more cheaply and more plentifully if blacks had been allowed to compete. So the majority of whites were disadvantaged. And I think white South Africans have been greatly mistaken in not seeing this.

Reason: Apartheid has come under considerable international and domestic attack. What remains? What is left of the laws?

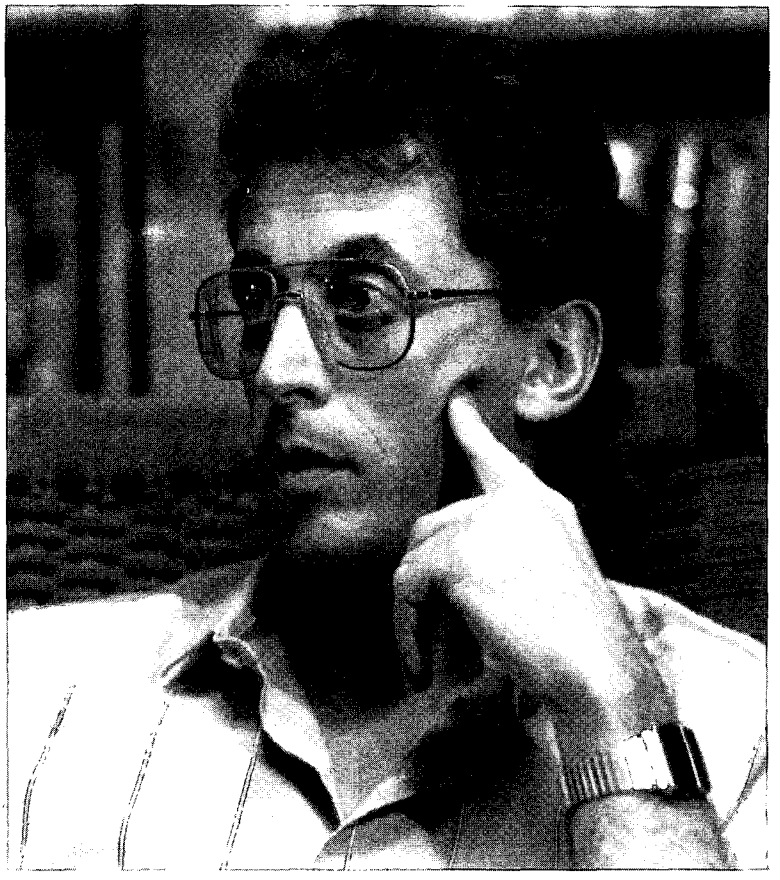
Kendall: There is the vote, of course. But other than that issue, the only substantial law that remains is the Group Areas Act. And even that to a large extent has been undermined, because many of the areas designated for whites have become mixed despite the law. The government has not really enforced the law for about the last five years—there have only been two or three cases where people have been told to move out because they weren't in the correct racial area. In certain parts of South Africa—for example, in some areas around Johannesburg—over half of the people living there now are not white although it is a white urban area.

A lot of what has been happening has been what we call reform by stealth—the government has allowed infractions of apartheid without actually pursuing or doing anything about it. And that seems to be because they're happy to see apartheid going, but they don't want to lose right-wing support while they are doing it.

Reason: Would you very briefly sketch the solution that you propose in *After Apartheid*?

Kendall: What we propose is a constitutional arrangement along the lines of the Swiss cantonal system. It is a system with a very limited central government and a lot of devolution of power to local levels, called the cantons in Switzerland. We choose that, because the problem in South Africa today is one of excessive centralization of power. There is a saying that goes, "The more power there is, the greater the struggle for power." And that's what we see in South Africa. There are numerous diverse groups—different language groups, cultural groups, and so on—all fearing that some other group will gain control of this big unlimited central power machine and use it to protect their own interests and crush the interests of others. The same way that the white government has done up until now.

So the way we saw to solve the problem was simply to remove the power. The way to do that is to devolve the power down to local canton government levels, so that what you get is a marketplace in politics. The country would be divided into over 100 local cantons, geographic areas. In each of those the government would have complete political and economic autonomy except for five functions that the central government would control—national defense, national finance, foreign affairs, provision of major infrastructure and the keeping of statistics, and the appeal court of the central courts. Apart from that the canton governments would control all of their own local policy, and you would get different policies being tried in different areas. People would be able to vote with their feet for the area they preferred.



"The vast majority of whites have had more disadvantages than advantages from apartheid."

Reason: So you would have a central government elected by majority rule, and it would control national defense and foreign affairs. Can you visualize the South African army that exists today submitting itself to a black majority-ruled central government?

Kendall: What we think is that they wouldn't do that until they were sure that the system was sufficiently stable that it would not result in, for example, a black Marxist dictatorship. They would only do it if they were sure that there was going to be fundamental democracy and basically a free-enterprise system and that white people were going to be protected within it. Given that—and we are assuming that the system would not come about unless it had popular support, unless it was in fact a stable democratic system—we think that they would be prepared to submit to the control of the central government.

Reason: Can you imagine different cantons—say one is an ANC canton and another is the Conservative Party canton—can you imagine them coming to a meeting of the minds on a South African policy at the central government level toward Angola or Mozambique? Wouldn't this kind of thing constitute severe pressure on the system?

Kendall: My own view is that the vast majority of cantons would be moderate, and we'd have moderate alliances, and very few would be extreme in the sense of being very left-wing or communist, because there are very few people in South Africa of any race who really believe in socialism. Very few. All the evidence is that about 90 percent or more of the population

"People who are knowledgeable about South Africa agree that the chances of the government being toppled by force are very remote."

is really basically moderate—in favor of a Western-style economy and democracy.

Reason: That in itself doesn't bring unity. In the U.S., for example, a large group of Americans have supported the freedom fighters in Nicaragua and another large group has not. In South Africa if a good percentage of the population was for Savimbi in Angola and a large group was against him, how would the central government under a canton system deal with that?

Louw: Foreign policy would have to become fairly neutral. Much like Switzerland. I think this is true of intensively devolved countries historically, as well. But there will indeed be a central government, and it will indeed be in charge of the army, and the majority of cantons will be represented in one house and the majority of the population in another house, much like the U.S. House and the Senate.

The idea in our model is really that anything conflict-provoking simply does not get decided at a level where it causes conflict. And defense is only conflict-provoking if there is not internal acceptance of the system and internal agreement as to who the real enemies are. So what you might have is the conflict resolved by supporting neither side in Angola.

Kendall: In our system they wouldn't be allowed to do anything that they couldn't reach agreement on in both houses. If they were deadlocked they would not be able to act.

Reason: What would happen to today's black homelands, some of which are independent countries?

Kendall: The whole problem with the homeland system is that there is no freedom of movement. In our model, freedom of movement would be entrenched in the central constitution and bill of rights. The cantons would not be based on ethnicity but on the free grouping of whoever happened to end up there. We propose that the present homeland citizens be granted South African citizenship and the right to move freely into South Africa and then the homeland governments be invited to join the canton system. Even if they choose not to enter, they cannot keep their people there by force, and they will have to govern well if they don't want to lose them across the border into South Africa.

Louw: There is inevitably in discussion of our proposal a suspicion that this is another kind of homeland policy in new clothes. But it is quite different. Under the homeland policy, not only were people forced to stay in their homelands but people living in, say, Johannesburg or Soweto who'd never been to a homeland and were third- or fourth-generation residents of the white part of South Africa were told arbitrarily that they were henceforth citizens of another country to which they'd never been and wouldn't want to go. There will be none of that in the canton system—no coercive movement of people, no coercive removing of people's citizenship.

Reason: The picture that Americans get of South Africa is one of oppression, hopelessness—a general state of violence and chaos, the murder and jailing of children by the security forces, and now the denial of civil liberties such as freedom of the press. Could you comment on the current situation in South Africa and the government's state of emergency?

Louw: People should realize that the violence has been almost exclusively black on black violence, that is to say black radicals and black moderates—blacks who want to overthrow the system by force as opposed to blacks who want to get rid of apartheid peacefully. For most white South Africans there is a state of total normality. Occasionally there has been a bomb in a white area, but no more than in other various countries in the world. So the irony and perhaps the tragedy of South Africa is that people who have caused and maintained apartheid, the whites, are scarcely affected by the unrest.

Kendall: The situation in South Africa today is a very interesting one, because many things in a sense seem to be opposing one another. There are trends that seem to move in opposite directions. So on the one hand you do indeed have a state of emergency and an increasingly militarized state in which the military and national security and the army, which are very, very closely linked with P. W. Botha and the executive of the ruling party, are moving their people into more and more positions within the civil service, within the bureaucracy. So where we used to have bureaucrats, we have "secureaucrats." The whole fabric of the state is becoming more and more militarized.

The primary motive is the fear of what in South Africa they call the total onslaught—the communist threat. The government has the view that communists—the USSR—want to take over South Africa and that they're trying to infiltrate extra-parliamentary groups and lead them to in some way overthrow the state and replace it with a communist state.

Reason: So you're saying that the security measures and the militarization is motivated by anticommunism, not by opposition to apartheid?

Kendall: Yes, that is precisely the case. So at the same time as they're controlling certain information, the government is not trying to stop our work. People in North America find it confusing that our book, which is clearly antigovernment and clearly wants to get rid of the current system, is accepted. And the reason is that the government knows we're not communists and because of that they actually regard us as allies in the fight against communism. And they, if anything, encourage us in our work—they're sending out the video of our book to all of their embassies throughout the world.

And it also explains why, at the same time as there is this security activity, with gross violations of civil liberties, they are privatizing. All state assets are in the process of being sold off to the private sector. They're deregulating the economy, including the black economy. The whole thrust of government economic policy is privatization and deregulation, which sounds peculiar when you think what a military state it is.

Reason: Do government restrictions on the media in South Africa limit the kind and quality of information you're getting internally?

Kendall: Yes they do. No reporting of unrest or vio-

lence is allowed in the newspapers. So we simply get a so-called unrest report on the radio, where they announce, say, two people have been killed in township unrest in this or that area, and that's all. There are no stories about it, there's nothing on television, it's clearly limited. And so the average South African is very, very out of touch with the dynamics, the political dynamics, of the townships, of the black politicized youth. That doesn't affect us personally so much, because we go into the townships and talk to them ourselves. But for the average white South African, they have no idea of what is going on there.

Reason: Are these restrictions short-sighted on the government's part, or do they actually help?

Kendall: Both. There is no question that the state of emergency has de-escalated violence radically. Many, many less people are dying. There is very little violence in the townships any more. And I don't think anybody would argue that that isn't because of the clampdown, which stopped it being attractive to the press, stopped people meeting together in big groups, so it simply became impossible for it to happen. And I can't say that I don't think something's good that stops people being killed and murdered and dying in riots and violence in the townships.

But it's been negative in the sense that by making it appear as if there isn't a problem anymore, and stopping the white people from being conscious of the frustrations and the anger of black people, they slowed down the movement toward reform. There's less sense of urgency.

Reason: What are the chances of the South African government being toppled by force, either internally or with the help of the front-line states, Angola and Mozambique?

Louw: I think that most strategic analysts, people who are knowledgeable about South Africa, agree that the chances of the government being toppled by force are very remote. People inside the various revolutionary groups with whom I've spoken agree with that. They have a considerably long-term view. The present government has a very powerful army, very powerful police, a considerable number of informers who give it information that makes it difficult for the revolutionaries to operate.

And the present government, people must realize, is not comparable with any other government in Africa, simply because it's the only country in Africa where a big percentage of the population is not black. So the notion that it can be overthrown because other governments like the Ian Smith government in Rhodesia was overthrown is completely mistaken.

The only way to really get rid of the impasse of the current system is to come up with some proposition that is acceptable to the present government and acceptable to the African National Congress and also to Chief Buthelezi's group. Those are the key actors on the stage. The government is there to stay until somebody persuades it to adopt a new system. The ANC is there to stay as a source of conflict and violence unless somebody persuades them to participate in a new system. And if there is a new system that is unacceptable to the Zulus or Chief Buthelezi's group, then they would simply become the new source of conflict and instability.

"The entire white political spectrum has moved to the left. All that means in South Africa is toward reform."

Reason: In 1987, President Botha was returned to office with fairly significant voter approval. In more recent elections the most right-wing political factions gained seats in the government. Is this a shift to the right and a sign that change is being resisted, instead of steady progress?

Kendall: In fact what has happened in South Africa is the entire white political spectrum has moved to the left. All that means in South Africa is move toward reform. Left means towards reform, right means away from reform. The government stated openly that they favor a nonracial democracy. They are not in favor of apartheid, and they have made that clear. And they were returned to office on that basis and on the mandate that they would reform and move toward a country with so-called genuine power-sharing. In fact, P. W. Botha, in two recent interviews, has mentioned the Swiss cantonal system as one of the models they are looking at seriously.

The right-wing's so-called swing was people in their own party, people who said, "No, if we give black people the vote we're going to lose our national identity, our identity as an Afrikaner *volk*." And the group that could not move into the reform position, who didn't feel secure in that position, formed a new party called the Conservative Party. It is indeed gaining support, and partly because of the fear that the government has tried to instill in people of this communist threat, "the total onslaught," the communist takeover.

"Winnie Mandela, like most other people in South Africa, has really not had a concrete idea of what the post-apartheid South Africa should be."

The scenario that's being played out in straight political terms in South Africa at the moment is the battle between the National Party—the government and its reform position—and the Conservative Party, to the right of the government, that wants partition. They want to divide the country into an Afrikaner, white area and the rest of the country, which would be for everybody else. They're doing very well, they're gaining a lot of support. But the government does have a mandate for reform, and they've got to start moving on that to keep their new power base, a lot of which has been drawn from the traditional left-wing groups of English-speaking South Africans.

Reason: Winnie Mandela endorsed your book. What kind of person is she, and what are her politics?

Louw: It is probably true of Winnie Mandela that she like most other people in South Africa has really not had a concrete idea of what the post-apartheid South Africa should be. What surprised many people with her endorsement is that the book is overtly free-market, and people have assumed that she would go against that. We asked her about that ourselves and she said, Why do people assume that she is a red?

Reason: But she has been quoted in *Pravda* as saying that the Soviet government is the symbol of hope for oppressed people around the world.

Louw: I am aware of that and of various other black radicals thinking of the Soviet government as their model. The extraordinary irony is that the Soviet system is an ethnic homeland system. Lenin was, in fact, probably the most successful implementor ever of apartheid, although it was called in this case the policy of the nationalities. The Soviet Union is divided into ethnic homelands called republics. So I cannot imagine that she really understands the Soviet system and thinks that it is something she would want for South Africa.

Kendall: The only way that we can judge Winnie Mandela is by her interaction with us, and she has given us an unqualified endorsement for the book. She has been extremely supportive, she's taken numbers of summaries to distribute amongst the young people she works with, the comrades in Soweto. She has showed no sign of deviating from that support. And I just want to add that she is an extremely charismatic woman. Very, very charming, very warm, outgoing personality. In all her interactions with us we thought she was really quite a remarkable person.

Reason: Could you briefly comment on the significance of the KwaZulu/Natal Indaba? [*Indaba* is an African word for the traditional process of discussion and negotiation leading up to a consensus among the tribal leaders.]

Kendall: Yes, the Indaba was a very important development. In Natal, representatives from different political parties and industry, agriculture, the business community, women's groups, and so on, including the blacks, all got together to try and work out a new constitutional dispensation for the province of Natal. It's the smallest of the four provinces in South Africa, and many people would say that it has the most moderate black population, primarily Zulus, and the most liberal white population and therefore is the most likely to come up with a solution. It also has the biggest Indian population.

They suggested that the government be divided into two houses—this would be for Natal only. One house would be based on ethnicity, and the other based on representation. They talked about devolution but didn't specify how much. Just the very fact that they could come up with a proposal was important and significant and made South Africans realize that you don't have to have the same system for the whole country. However, they never had the support of black radicals. They rejected it from the start and were not represented in the Indaba.

Reason: What was the government's response to the Indaba's proposals?

Kendall: They also never had the involvement of the National Party, although they were there as observers. The response has really been to avoid the issue. But the Indaba has managed to receive a lot of financial support to promote the proposals. They're still trying to persuade the government to have them put to a referendum of the people in Natal. It's possible that the government will do that, but they're dragging their heels on deciding.

I've spoken to government people recently and said to them, Why don't you have those proposals put to a referendum, because that would bring you support from your pro-reformist following? And of course their answer is that they fear that they would alienate the people on the right as well, because the Indaba seems to them to be a sellout by the Conservative Party, a sellout to the black majority.

Reason: Many Americans believe that sanctions and disinvestment are going to help South African blacks by moving the government toward real democratic rule. Would you comment on that?

Louw: That is complete political unreality. Sanctions are really tariffs imposed by a foreign government instead of your own. Disinvestment is exchange control imposed by a foreign government instead of your own. Now while foreign trade barriers and exchange controls are bad for an economy in the long run, they have not to my knowledge ever brought a government down or changed a system. All that both do is raise the transaction cost of foreign trade and foreign capital flows. They are harmful but not fatal.

Reason: Americans are by and large decent people, and they find that apartheid and legalized discrimination is offensive. What can Americans do to help in the situation?

Kendall: They need to start focusing on the future and encouraging South Africans to focus on the future. Keep on asking any South African of note who comes to your country what they have in view for the future. Do they intend to have proper, genuine democracy with checks and balances to prevent the abuse of government power? Do they intend to have a bill of rights? And so on. Get them to be specific. Get them to talk about the future so that they can be encouraged or pushed toward a genuine Western democracy. That is what Americans can do to help. ◻

WHAT JESSE REALLY WANTS

The Rev. Jackson's dangerous agenda

Jesse Jackson has made beautiful speeches about freedom. But if he ran the country, would freedom grow? A hard look at his ideas suggests the opposite.

Jackson wants to stop "economic violence"—a vague term that seems to cover any business decision he dislikes, such as closing a factory. "Let's take on the giants who have the power," he says, "and make them responsible to the American people." In other words, big government would make businesses follow its master plan.

In *The Road to Serfdom* (1944), Friedrich Hayek explained the danger of that approach: "Economic control is not merely control of a section of human life which can be separated from the rest; it is the control of the means for all our ends....Economic planning would involve direction of almost the whole of our life." And in fact, Jackson's stands on the issues add up to a vast expansion of the state's power over every American:

- He offers a program of "universal and comprehensive health care" with "cradle-to-grave protection." The yearly cost would start at $50 billion but would soar as more and more people took advantage of the program. The inevitable result: strict federal rationing of health services.
- He endorses the Harkin-Gephardt ag-

by JOHN J. PITNEY, JR.

CHARLES PEALE

riculture bill, which would place mandatory production controls on subsidized farm commodities and forbid farmers from selling more than their crop quota. Whoever failed to take part in the program would not be allowed to sell program crops. Even Mikhail Gorbachev might find this proposal a tad oppressive.

Jackson backs the bill, along with higher dairy price supports, because he wants farmers to get more money. It doesn't bother him that such programs would force everyone to spend more on food. "The reality is that if urban people are working," he says, "they can pay a few more pennies for a glass of milk or for a cone of ice cream or for a loaf of bread."

• He says that when "truckers are deregulated and when small banks are deregulated, and airlines are deregulated, and you cut the Housing and Urban Development budget back from $32 billion to less than $10 billion, a whole pocket of people are simply wiped out by a shift in our priorities." Apparently he would repeal deregulation—even though his rationale is goofy. Nearly every study shows that deregulation has given people greater choice at lower cost; for instance, discount prices for flights over 2,500 miles have dropped by 35 percent in real terms. Why would he make consumers pay more?

And his claim about the HUD budget is bogus: in constant 1982 dollars, outlays for fiscal 1988 are the same as for fiscal 1980—$15 billion. Besides, how much good does the money do? Ever visit a housing project? When Jesse speaks, a whole pocket of reality is simply wiped out by his mendacity.

• He wants a "code of conduct" for American business "to ensure that its investment decisions are made in the best interests of the community." That is, he would compel firms to put their money wherever the government told them to.

• He supports racial quotas in jobs and schooling. If you applied for an opening and your group were "overrepresented," Jackson would slam the door in your face.

In Managua, Jackson praised the communist government for putting Nicaragua "back on the road to democracy, peace, and reconciliation."

• He backs "comparable worth," the notion that employers should be forced to pay men and women the same not just for equal work but for jobs of "comparable" value. To carry out such a policy, the government would have to judge how much money each job in America is worth. Never mind about such little things as collective bargaining or the marketplace: a huge new federal bureaucracy would decide your pay.

These proposals might strike some readers as unwise, costly, or restrictive. They're also dangerous: the greater the growth in government control, the greater the risk of overreaching and abuse.

That's especially true in Jackson's case. Extreme as his proposals may sound, they are probably only a moonshadow of what he would try to do if he had the power. Over the years, hints of a more radical agenda have slipped out. In the 1970s, he outlined his "kingdom theory" of economics, which says "the community" should make business management decisions:

"Control of the store means determining who will be clerks and bookkeepers, and who will have such monetary awarding (*sic*) jobs as butchers and meat managers within the store. By that same token, it is also to determine the amount of shelf space which the community feels should go to the products of black producers...which banks the store will transact its financial operations in; who conducts the collection services for the store....At the same time, this principle applies to all other institutions in the community."

Jackson's apologists might claim that he was just proposing local boycotts of unfair businesses, not pushing Marxist nostrums for the whole country. His rhetoric, however, rings with the ideas of the Bearded One. He calls the plight of rural America "a new feudalism"; Part One of Marx's *The German Ideology* explains the central role of "feudalism" in Marx's theory of history. "Workers of the world must unite," Jackson says in his stump speech. Where have we heard that before?

His collectivist urges aren't tempered by traditional Western ideas of moderation and political restraint. At Stanford University last year, where students and instructors were protesting a course in Western civilization, he reportedly led demonstrators who chanted, "Hey, hey, ho, ho, Western culture's got to go."

That incident stirs bad memories. In *The Road to Serfdom*, Hayek recalled that many English and American students came back from the Continent in the 1930s unsure whether they were communists or Nazis "and certain only that they hated Western liberal civilization." Then as now, trashing the thoughts of Aristotle or Adam Smith clears the path for totalitarianism. And as Hayek taught, it doesn't matter whether the tyranny is leftist or rightist, because both brands amount to the same thing.

Jackson doesn't see that. While he passionately attacks South Africa, he smiles upon dictatorships that proclaim "national liberation." His 1984 tour of Latin tyrannies put his double-think on display. He visited indoctrination centers on Cuba's Isle of Youth and called them "creative." At the University of Havana, he cried, "Long live Castro. Long live Martin Luther King. Long live Che Guevara," thereby implying that communist thugs stood for the same things as an apostle

of freedom and nonviolence. Later he flew to Managua, where he praised the communist government for putting Nicaragua "back on the road to democracy, peace, and reconciliation."

None of this means that Jackson aims to bring Cuban-style repression to the United States or name Daniel Ortega as secretary of Health and Human Services. Rather, it indicates his odd attitude toward power. Unlike the American Founders, who deemed no one virtuous enough to be trusted with unchecked political power, Jackson seems to approve of any government fiat as long as the motive is "progressive." He once said that if he were the mayor of a big city, he "would force the government to call out the National Guard to deal with existing injustices....There's no reason why the Army couldn't come down the street with bayonets, looking for slumlords." Of course, Jackson was just talking big, not laying out an actual plan. But his willingness to mention martial law should trouble anyone who values civil liberty.

Says Adolph Reed, a Yale political scientist who criticizes Jackson from the left: "An irony of [Jackson's] political style, and the leadership model in which it is embedded, is that—while ostensibly popular and immediately representative—it is fundamentally antidemocratic." Although he has gone through the motions of the electoral process, he thinks that his real mandate comes from above. According to biographer Barbara Reynolds, he used to tell his underlings, "I am anointed, not appointed."

Like other leaders who considered themselves anointed, Jackson gains strength through demagoguery. Hayek described the strategy: "The contrast between the 'we' and the 'they,' the common fight against those outside the group [is] always employed by those who seek not merely support of a policy, but the unreserved allegiance of huge masses."

Jackson casts the issue of our time as big business against the common guy, "the barracudas versus the small fish." In a debate last October, he said: "Since 1973, we have lost 38 million jobs—multinational corporations, merging, been (*sic*) purging workers and submerging our economy....These corporations are now flying beyond any accountability. They must be regulated and reinvest in America."

Already, other Democratic leaders have adopted his stands in one form or another. The Democratic Party is well along the road to Jessedom.

That quotation shows how a demagogue distorts the facts. The economy has not "submerged"—it's in the longest peacetime expansion in history. Corporations are hardly flying outside government's grasp, as any reader of the *Federal Register* can attest. And Jackson just plain lied about job losses: between 1973 and 1987, we had a net *gain* of 27 million jobs.

And yet Jackson's oratory still gets crowds to holler approval. Through his instinct for political symbols and his ability to tap popular resentments, he manages to overcome an audience's normal skepticism. Imagine what would happen if he could combine this power over minds with power over the U.S. federal government.

So let's go back to the original question: What would happen if he actually ran things? Even with defense cuts his social programs would bloat the budget. "If you put all of it down on a piece of paper and you put a price tag on that piece of paper, there's no way we won't end up with a deficit that's not $200 billion but $300 billion," says Democratic consultant Ted VanDyk.

Jackson has already proposed big tax increases. In the wake of a mounting deficit he would propose more. And without doubt, a big recession would follow.

Jackson would not react to a slump with a sudden embrace of supply-side economics. If his public record offers any guide, he would seek an even larger role for government: more bureaucrats, more forms, more control of our lives. Normally, people would spurn a leader who took away so much of their liberty. But as a skillful demagogue, Jackson might find a way to direct their frustration toward a scapegoat: big business, or perhaps a foreign country.

All of us would have far less freedom, but some groups might stand in particular risk of discrimination. Jackson denies that he is anti-Semitic, and he has striven to improve his relation with the Jewish community. But anyone contemplating Jackson leadership must consider what he has said:

- "Once we began to move up, Jews who were willing to share decency were not willing to share power."
- "I'm sick and tired of hearing about the Holocaust."
- "Zionism is a poisonous weed."
- "The Jew began to be revealed as the landlord and shop owner."
- "You just can't trust the Jews. I never have trusted those people."

Nobody knows if American voters will ever trust the presidency to the man who said these things, but it is certain that he will wield great influence over his party for years to come. Already, other Democratic leaders have adopted his stands in one form or another. And in making their political calculations, they must constantly ask themselves what Jackson will think or say. The Democratic Party is well along the road to Jessedom. ◻

John J. Pitney, Jr., is assistant professor of government at Claremont McKenna College.

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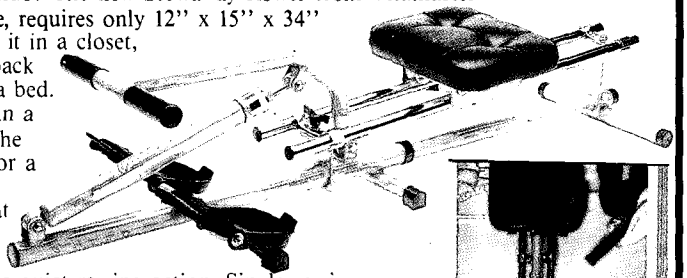

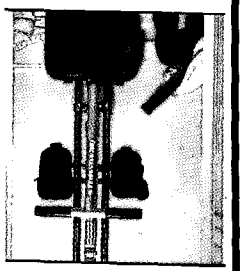

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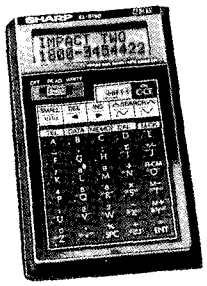

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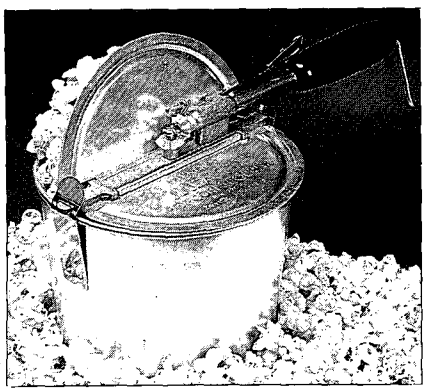

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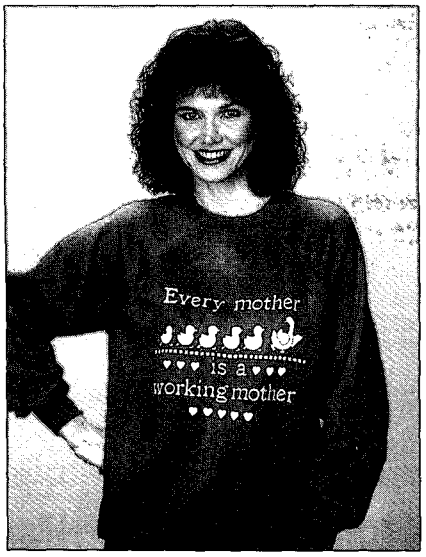

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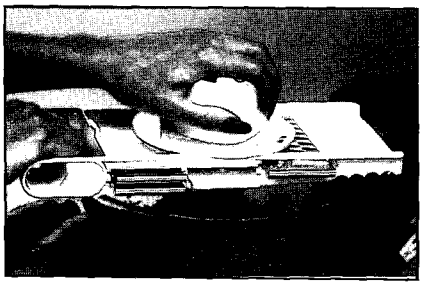

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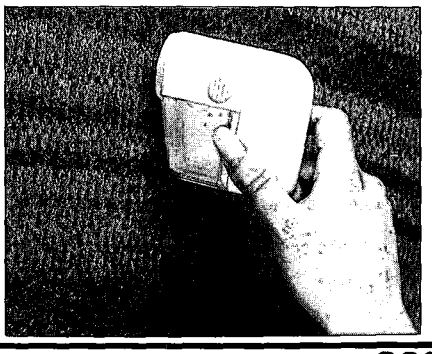

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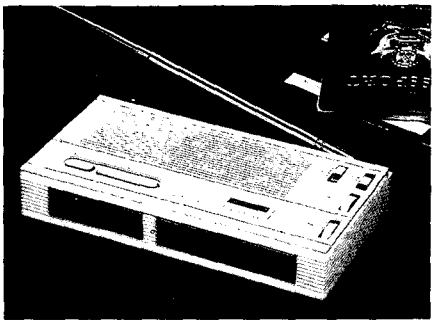

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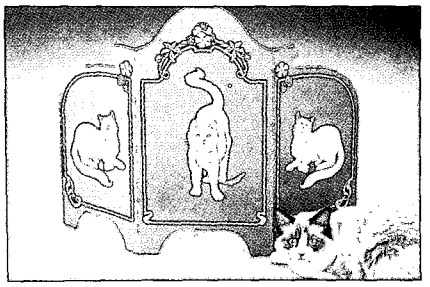

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AMERICA FOR SALE?

BY DAVID R. HENDERSON

We hear it all around us. "America is a net debtor." "We are having a fire sale and the buyers are foreigners." "We are being taken over." "Decisions that used to be made in Sacramento, Albany, and Washington are now being made in London, Tokyo, and Riyadh."

The alarm is spreading, not just among those who seek more excuses to regulate our lives but also among people who are genuinely concerned. What are the facts? And what should we do about them?

First, no economist or journalist who claims that America is a net debtor has presented data on net debt. Those who write about the subject typically classify foreign-owned U.S. stocks and real estate as debt. But they are not: My ownership of my house, for example, makes no one indebted to me.

The admittedly cumbersome term to describe what people are concerned about is the U.S. net international investment position, that is, U.S. assets abroad—stocks, bonds, structures, and equipment—minus foreign-owned assets here. It is true that our net international investment is a negative $400 billion.

But let's put that in perspective. The net income (foreigners' earnings on their U.S. assets minus ours on foreign assets) is less than half a percent of GNP. And even if our net international investment continued to decline as fast as in 1987, by the year 2000 the net income would reach about 2 percent of GNP, roughly the same proportion as in Canada in recent years. It's hard to argue that this could make us poor.

So what are the critics of foreign investment worried about? Three things.

First, they say, we've been depending on foreigners to lend money to our government and to invest in our industries. Couldn't we suffer severe economic disruption, they ask, if all foreigners decided to sell off their Treasury bills, their high-rise buildings, and their factories in the United States? The answer is yes.

But what follows is that we should make sure the United States remains a safe haven where foreign investors can feel secure in their holdings. We shouldn't pass laws to make holding those assets less desirable. This would only encourage foreign investors to divest themselves of U.S. assets—precisely the awful event that the worriers want to avoid.

The critics might counter that we should at least avoid making the situation even worse by selling more Treasury bills and buildings to foreigners. But our government sells them Treasury bills to finance the budget deficit. Refusing to do so is not going to eliminate the deficit—it will simply raise the cost of financing it, because if we exclude a source of lending, the interest rate must rise. Certainly for other reasons we should slash the deficit, but as long as we have it we should finance it as cheaply as possible.

And as for selling more buildings to foreigners, we are getting goods—VCRs, computers, and cars—in return. We apparently as a group value these goods more than the buildings.

Second, critics often worry that foreign investors will have too much influence on our political system. Martin and Susan Tolchin, for example, in their recent book, *Buying Into America*, cite the key role played by foreign firms in persuading California to eliminate the unitary tax (where a company is taxed on its worldwide sales of products made in the state, not just on sales in the state).

But should foreign companies have no say about how our governments tax them? If so, would the Tolchins and others claim that American-owned firms abroad should have no say in how foreign governments tax them? It is hard to see what is wrong per se with individuals or companies trying to affect the laws they have to live under.

Third, critics argue that a high level of foreign investment reduces our control over our lives. No it doesn't. The manufacturer who sells his company to a British investor *chooses* to do so (the United Kingdom is the biggest source of investment in the United States—the Japanese, contrary to popular impression, are a distant third behind the Dutch). Consumers who buy from that company may not like the new owner's products as well—or they may like them better. Employees may not like their new boss as well—or they may like him better. No case I know of has been made that foreign owners are worse at serving consumers or managing workers.

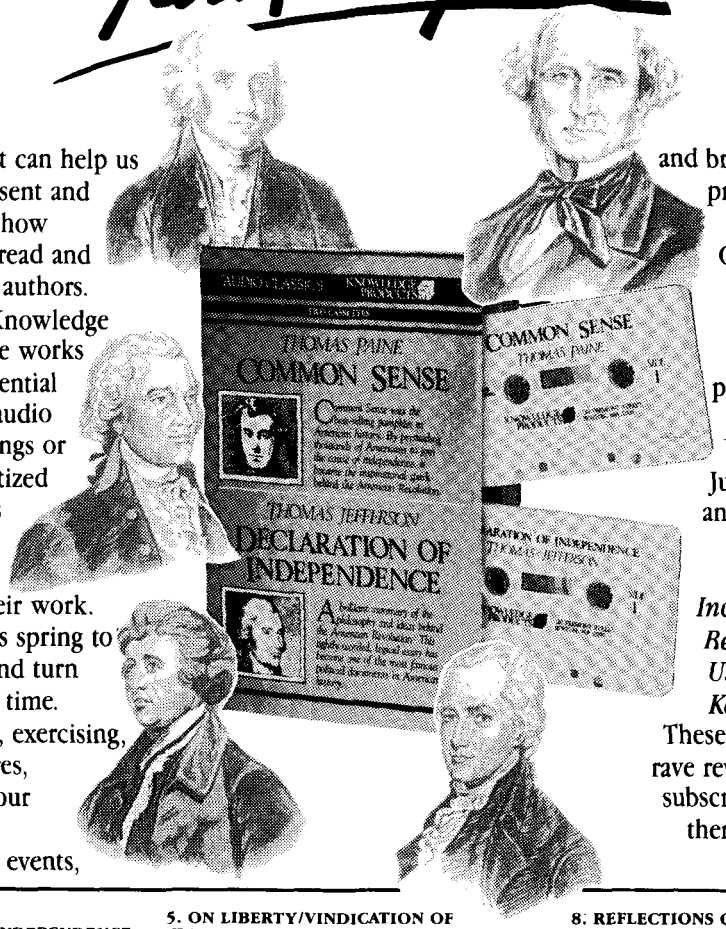
Foreign investment in the United States is no different in principle from investment by New Yorkers in California. Both New Yorkers and Californians gain in the latter case, and both foreigners and Americans gain in the former. Foreign investment is simply the next logical step in the division of labor. By allowing specialization, the division of labor has raised living standards and has been one of the most liberating forces in human history. The international division of labor will do the same if we let it.

Contributing Editor David R. Henderson writes frequently for Fortune.

JILL BANASHEK

Scripts by George H. Smith, Wendy McElroy, & Ralph Raico

The World's GREAT THINKERS *Talk To You*



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CHANGING OF THE GUARD

BY ROY A. CHILDS, JR.

Probably the biggest news this season in the world of magazines comes from *National Review*, which is undergoing some basic and potentially exciting changes. For more than 30 years, *NR* has been edited by its founder, William F. Buckley, Jr., who helped make conservatism a force to be reckoned with in modern America. Now, in a provocative move, Buckley has kicked himself upstairs as *NR*'s "editor-in-chief," naming British Tory John O'Sullivan as the new editor of the conservative flagship. And therein lies a tale.

During the crucially important years of the 1950s and 1960s when free-market views were making a comeback in the world of ideas, particularly on college campuses, three figures stood out as magnetic: novelist-philosopher Ayn Rand, economist Milton Friedman, and Buckley. Almost alone among advocates of capitalism, these three could fill an auditorium and cause a campus to erupt in controversy and eager debate.

However, while Rand's *Atlas Shrugged* and Friedman's *Capitalism and Freedom* were far more important than any of Buckley's books, and reached far more people, the steady, provocative growth of the punchy, irrascible biweekly *National Review*, combined with his PBS series "Firing Line," gave Buckley a highly visible podium.

So it was into the early 1970s, when *NR* seemed to begin to run out of steam. But it has been an open secret for a long time now that *NR* has been left to drift. While the opening "This Week" and short editorial sections retained much of the wit and style of the early *NR*, the rest of the magazine seemed to lurch without passion or direction, shorn of its early self-image that it was leading some sort of crusade.

And while no one wanted to say so openly, Buckley himself was largely at fault. Apparently by at least the mid-1970s, if not before, he became increasingly bored and disengaged from the week-to-week job of running the magazine. As he rushed from task to task, from skiing to sailing to taping "Firing Line" and dictating his thrice-weekly newspaper column, to writing journals of his exploits as a sailor to pounding out a series of well-received spy novels, *National Review* seemed increasingly remote from his concerns.

It began to show. And many staff members of *NR* began to grumble about it openly. During the early days, it was only Buckley's personality and family money that managed to hold it together: the founding editors were a strong-willed lot that included the likes of Frank Meyer and James Burnham. The passing of that founding generation meant either that a successive generation had to be found—one that had real power and input into the magazine—or that Buckley assert himself to put it back on some consistent course. And that, sources say, is what he seemed to have no interest in doing.

In other words, for as long a period as 10 years, Buckley has, according to current and past associates of *NR* who agreed to talk with me anonymously, faced a dilemma: give up the magazine to those who want to run it, or watch it slowly decline in quality. He wasn't willing to do either.

Thus a higher and higher proportion of what *NR* has been publishing has been unsolicited manuscripts, as demoralized staff members lost the edge against competitors such as *Commentary* and *The American Spectator*. Sometimes topical articles rot for months in piles that are forgotten, and then published quickly to get "caught up," regardless of whether an issue's time has passed. Editors and authors have commiserated, and in many cases both have sadly left *NR* behind in the search for an alternative.

For many years now, younger friends of *NR* have been aware of the problem and have tried to take some kind of action to rectify things. But to no avail. No one apparently caught Buckley's attention as a potential successor.

Now in a sweeping move, Buckley has announced the appointment of John O'Sullivan as the new editor of *National Review* effective this July, while simultaneously removing himself to the position of editor-in-chief.

O'Sullivan is a British intellectual and journalist who has worked for the *Daily Telegraph* in London. A few years ago he moved to the United States to take over and revamp the conservative Heritage Foundation's *Policy Review*. Within a few short months, O'Sullivan had transformed a frog into a prince.

Following a subsequent stint at Harvard's Kennedy School of Government, O'Sullivan took on the position of editorial page editor of the *New York Post* during its transition under Rupert Murdoch, subsequently returned to Britain as speechwriter for Margaret Thatcher's smashing reelection campaign, and remained as a member of her think tank for domestic affairs.

CHARLES PEALE

MAGAZINES

A superior editor, filled with ideas and energy, O'Sullivan has a combative spirit and the precious mix of qualities that enables an editor to produce a pubication that is above all else *interesting*. In terms of his personal values, O'Sullivan seems to lean toward neoconservatism without the foam at the mouth. Nevertheless, he genuinely enjoys the give-and-take of opinion with libertarians and others with whom he might disagree.

What does O'Sullivan's rise to power signify for nonconservatives? For one thing, reflect on the fact that in the heyday of American conservatism, the Reagan '80s, William Buckley apparently could not find a single *American* conservative worthy of succeeding him at the helm of *NR*. Are the second and third generations second- and third-rate?

For another, Sullivan's tenure at *NR* may mean a whole new spirit to the place. Buckley, after all, was there at the founding and instantly found himself in the midst of every bloody ideological and personal fight. He fought to drive the Birchers and the anti-Semites out of the conservative movement, but he also engaged in bitter feuds with Ayn Rand, Austrian School economist and outspoken libertarian Murray Rothbard, and a host of others. O'Sullivan has had no part of this latter sort of feud and may open *NR* to a wider spectrum of opinion.

In the final analysis, these are likely to be interesting times for *NR*'s fans and detractors alike. We at REASON welcome John O'Sullivan into the fray; may his tenure at *NR* move it back to the rank it once held, as America's premier conservative journal of opinion. This column will give him a few months' grace and then begin the obligatory nipping at his heels.

Roy A. Childs, Jr., is editor of The Libertarian, *a new monthly newsletter, and editorial director of Laissez Faire Books.*

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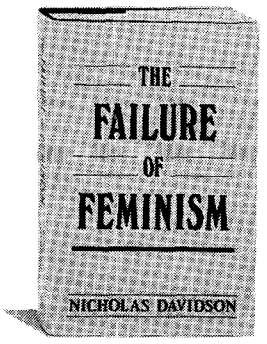
The Failure of Feminism
by Nicholas Davidson



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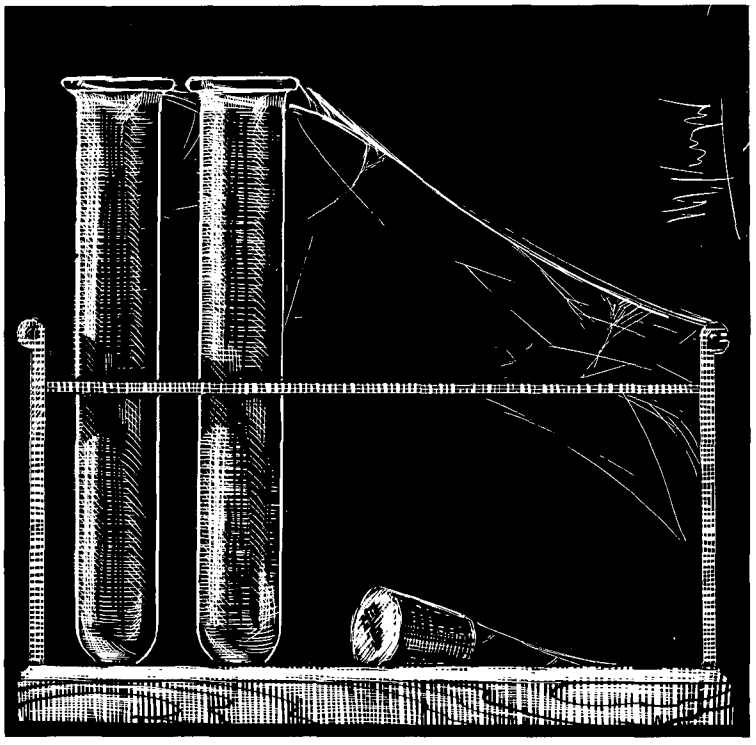
NEW LIMBS WILL GROW NEW LAWS

BY STEPHEN G. BARONE



Cherie Olsen and Lisa Biggs, an assistant professor and her undergraduate student at Miami University of Ohio, believe that salamander nerves might hold the key to understanding how limbs could be regenerated in other animals, including humans. According to a recent newspaper report, the duo have gained some insight into how microscopic applications of myelin from salamander ganglia can block the formation of scar tissue at the point of amputation in some creatures, thus allowing their cells to continue regeneration.

Stories like this about brilliant researchers and their protégés should elate me. But they don't anymore.

I used to attribute this to jealousy. I was a psychology major, so professorial research was strictly confined to making albino rats perform unnatural acts and extrapolating the results to college sophomores. My assistantships involved fetching coffee, alphabetizing answer sheets, and cleaning cages.

But I've decided jealousy alone can't explain my melancholia in spite of the good news that amputees might someday be able to regrow lost limbs. Instead, I think my vague feelings of dread are engendered by something much more insidious: the knowledge that Olsen and Biggs's explorations will likely be encumbered at each and every juncture by every manner and form of officialdom.

When I first came upon this report, my mind raced with questions like: Would regenerated retia be able to transmit neurologic schema to new muscles? If not, does that mean learning occurs in regions of the central nervous system other than the brain? And if myelin retards specific cell growth, would it be a factor to investigate in cancer research?

But these soon gave way to questions like: How soon will it be before Jeremy Rifkin interferes with this? What's Sidney Wolfe going to do when he finds out? Ralph Nader? The pope?

Let's face it. It won't be too long before these misanthropes trot out their contentious arguments, condemning the research, all the while conjuring up horrifying scenarios of mutating appendages. Their predictions will provide high drama for television commentators, the latter whose somber demeanors and resonant voices will be mistaken for erudition that circumscribes the sum of human knowledge and endeavor.

So, since we can expect to soon hear serious commentary about "the threat of potential dangers" and other redundancies related to Olsen and Biggs's investigations, I'd like to tender my predictions about some of the questions soon to be debated in the media, if only to showcase my prognosticatory prowess.

First, pundits will equate such research with "Star Wars" and scoff that it's hopelessly quixotic. In effect they'll say, "Everything that can be invented has been invented." This is one of the few English phrases not directly translatable into Japanese.

Next, someone will complain that expensive regenerative therapy will drive up health care costs. Regeneration will be available only for the rich and at the expense of the poor. Therefore, better such research moneys get earmarked for *prevention*—as in "public safety and health campaigns in underprivileged neighborhoods."

Then, at least one person will cite concerns that regenerated cells might be *hyperplastic*, having a propensity to overmultiply. So new limbs might be more prone to future cancer and possibly require amputation 20 years hence. Ergo, nobody should be allowed to regrow a severed limb because he just might later face the tragedy of losing it.

At some point, Pope John Paul will condemn any attempts to regenerate lost limbs as being against God's will. This is no surprise, considering God's initial reservations about anesthesia and his current consternation about *in vitro* fertilization. American Catholic amputees will organize and will ultimately get censured by Rome.

Last, the International Association of Chiefs of Police will express concern that people's regenerating anatomical parts could grow uncontrollable. Hordes of errant corpora might escape careless mastectomy patients and terrorize the countryside à la Woody Allen. Thus, limb regeneration is inimical to *the public good.*

Meanwhile, Olsen and Biggs quit academia, abandon biological research, procure jobs in industry, and earn a fortune by inventing a new wax for automobile vinyl tops.

Stephen G. Barone is a children's psychologist and free-lance writer.

MICHAEL KNEPP

STOCK INVESTORS.....

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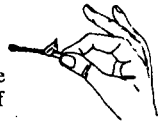

Eventually, when there is NO "Greater Fool" to take the heat,
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Later, it was observed that the "news" of future economic changes could be used to change the value of the shares. Soon, rumors of future economic changes and even street gossip were as effective as real news.

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Southern Women: The New Design

By Jane B. Hill

The designing women: *The finely crafted scripts keep them evolving away from stereotype and toward the richness of individuality.*

Call it the New South. Blame it on the Arab oil embargo that drove corporations into the Sun Belt in search of cheaper energy. Blame it on Jimmy Carter and a White House that served grits and peanuts. Go back further and blame it on desegregation and well-brought-up southern boys and girls who got to college and became hippies and signed petitions to ban Confederate flags at football games. Whatever we blame, though, it's safe to say that the South is not the place it once was—even on TV.

Southerners have long agreed on the "Andy Griffith Show," still a favorite in syndication, as the classic television portrait of their region. But now there's a new contender, "Designing Women" (8:30 P.M. EST, Monday, CBS). Each week creator and writer Linda Bloodworth-Thomason and the four actresses who play the leads—the fortunately named Dixie Carter and Delta Burke, Annie Potts, and Jean Smart—bring to life the four women who work at Sugarbaker & Associates, an interior design firm in Atlanta.

Virginia Woolf once said that "in or about December 1910" human nature changed. Maybe so, most places. But in the American South it took a little longer—about 50 years. The characters on "Designing Women" are proof that the South has finally, for better or worse, caught up with the world that Virginia Woolf observed.

Julia Sugarbaker (Carter) is a widow, the mother of a son in college, Reese Watson's lover (he is played by Hal Holbrook, Carter's real-life husband), and the boss of Sugarbaker's—if the company has one. Julia is the kind of woman who relishes the thought of breakfasting with the editor of a New York magazine that has poked fun at the South. In a dream sequence, FDR requests that she phone Adolph Hitler to put the fear of God in him. The call is broadcast over Armed Forces Radio to inspire our troops to make the last wholehearted effort that will defeat the forces of darkness forever. It works.

Julia's sister, Suzanne (Burke), is thrice divorced. She dates 80-year-old men whom she drops because they spend too much time in intensive care. Wealthy—her alimony checks require an accountant of their own—and beautiful, at first glance she seems hopelessly shallow. The former Miss Whatever-You-Can-Name, she has beauty titles as numerous as her suitors, or as Mary Jo says to a lounge lizard who has led Suzanne on, "more titles than you have teeth." For Suzanne the law of the pageant is, or should be, the law of the land. Together, she and Julia embody the myth of southern womanhood that reporters labeled "the steel magnolia" as they observed Rosalyn Carter up close and personal.

Mary Jo Shively (Potts), less mythic than the Sugarbakers, is the most "normal" of the four principals. If this were the "Mary Tyler Moore Show" (to which the program owes much of its inspiration), Mary Jo would be Mary Richards, while Julia would be Lou Grant, and Suzanne, Sue Anne Nivens. Like Mary Richards, Mary Jo has been rejected by a doctor whose career she has financed. Excellent at many things and self-confident in none, Mary Jo is the woman who always seeks to please others without bending her firmly held convictions too far.

Charlene Frazier (Smart) is the Rhoda Morgenstern of the group. Rhoda's Jewishness becomes Charlene's hillbilly heritage. She seems ethnic is a way that the others don't. She talks openly of her Baptist church. She has a framed photo of Elvis on her dresser. She reads the *National Enquirer* and believes most of what she reads; she doubts the story about a woman who gives birth to her own prom date only because the prom is held in winter. The office manager, she's taking real estate classes at night. The others have houses; she has a condo.

Like most good comedies, "Designing Women" relies on rich characterization to produce its humor. While earlier comedies leaned heavily on family situations to reveal characters, "Designing Women" follows the contemporary trend of making the workplace into a surrogate home and colleagues into family. There's always an

element of contrivance about this, but the situations that grow out of daily life at Sugarbaker's usually work.

The other regular in the cast is the black delivery man, Anthony Bouvier (Meshach Taylor), an ex-con wrongly convicted. He and the designers call his jail time his "unfortunate incarceration." Just as the four women play against various stereotypes of the southern woman, Taylor plays off the image of the smooth-talking black man gone wrong that is a fixture of the contemporary mythology of the urban South.

When Anthony needs a "family" to impress the parents of a wealthy girlfriend, Julia, Suzanne, Mary Jo, and Charlene fill the need—despite Suzanne's observation that you just don't see four white women riding around with a black man unless they're in a Cadillac. When a thug comes to the office to beat him up, Charlene's clan of dozens has just arrived for a visit. Anthony claims them as his adoptive family and introduces every single one to the thug by name, despite having met them only minutes before. When Suzanne and Anthony bicker, snowbound in a crummy Tennessee motel room, it's not too hard to imagine them as an '80s version of Scarlett and Prissy.

For it is, of course, Scarlett O'Hara who looms behind every line of this show. Scarlett is the consummate designing woman, the original southern belle, the image that every viewer will consciously or subconsciously filter this program through. Suzanne, her most obvious descendent, has the most trouble treating Anthony with respect. She feels that poor people should move to better neighborhoods if they really want her help.

But both of them share with the other leads a sense of irony about themselves. They all manipulate their stereotypes enough to turn every encounter, each situation, into the stuff of humor. At the same time, the finely crafted scripts keep all five of them evolving away from stereotype and toward the richness of individuality. The show's recurring thematic statement is the necessity for change within individuals and within society. This theme distinguishes "Designing Women" from the long, rich tradition of southern literature that glorifies the past and portrays the transition into the modern world as at worst painful, at best lamentable.

Many of the show's jokes come out of what Julia calls Charlene's "unequaled ability to be fascinated by anything." Charlene is always telling a story or asking questions that lead to annoyingly minute observation of people and events. The other tease her, but they always listen and answer. The point is that one escapes the limitations of stereotype through knowledge and understanding, through the capacity for growth and change. Scarlett O'Hara is a smart woman, but she has only one design and spends her life trying to fit herself into that narrow space. These women are capable of continually redefining—redesigning—the space to fit them.

The war that holds sway over these people's imaginations is World War II, not the War Between the States. They were educated during the era when the civil rights movement forced all southerners to confront the stereotypes that had governed their lives for a century. And as Julia snidely informs the New York magazine editor, despite being born and educated in Atlanta—"the one that burned"—she and her peers can hold down jobs and find their way.

Part of that way involves preserving the best of the past and its traditions. Anthony's grandmother cooks a sweet potato pie that will "make you slap your mama," and Charlene prepares a real treat for their Christmas dinner: baked 'coon. When Mary Jo tries to distinguish southern style from what looks like the same Manhattan apartment featured under a different name in every single issue of *Architectural Digest*, she says that southern style is that "unerring attention to detail, quality, and warmth, surrounding yourself with things that have been here for a while." Southern homes, she concludes, never look as if they've been done by decorators.

That definition also serves to explain why "Designing Women" works: the writers and actors are able to maintain the illusion that we have magically been given access to the lives of real people who have just this sort of style themselves.

When Howard the Nerd comes to beg Mary Jo to accompany him to his high-school reunion so that he can prove once and for all that he isn't *just* a nerd, by the grace of these women's style and class, he get four dates instead of one. All of them, Howard and his dates, learn an important lesson for southerners when they see the startled faces and the sudden envy of men who abused Howard throughout his youth. Southerners and nerds, they decide, can do just fine, even better, as long as "we know we're not what they think."

"Designing Women" is much more than most of us would think a sitcom could be. You won't find better writing or a better ensemble of actors on any half-hour of network television.

Grow up, Scarlett. Dewayne, Bubba, it's over. These are women living in tomorrow.

Jane B. Hill is an editor at Longstreet Press in Atlanta and the coeditor of Our Mutual Room: Modern Literary Portraits of the Opposite Sex *(Peachtree Publishers).*

Kundera Without the Ideas

By Richard Marin

Milan Kundera invited revision—plenty of it—when he admonished the ambitious adapters of *The Unbearable Lightness of Being* to "eliminate, eliminate." It would seem a clear enough command, the authorial equivalent of the director's *cut*. His mistake, perhaps, was amending it. When asked by the men determined to make the film what to leave in, what was the heart of the novel, Kundera replied, "The love story, of course."

Converting a novel dense with ideas into a thing of silver and celluloid is no mean feat. Twice, the most celebrated novel of ideas of the century, *Nineteen Eighty-Four*, has been tried and has failed on the big screen. Dead earnest, sincere efforts both, but missing the humanity George Orwell *wrote* into the heart of his dystopian nightmare.

So, the love story? Of course?

How many of the 400,000 Americans who have purchased hard- and soft-cover translations of the émigré Czech's novel since it debuted in 1984 and actually *read* it would distill their tortured, mesmerized,

baffled, or enchanted encounters with that elusive, metaphysical, deeply political stretch of prose to "the love story?" If the answer is none, then why advise the movie makers to do it?

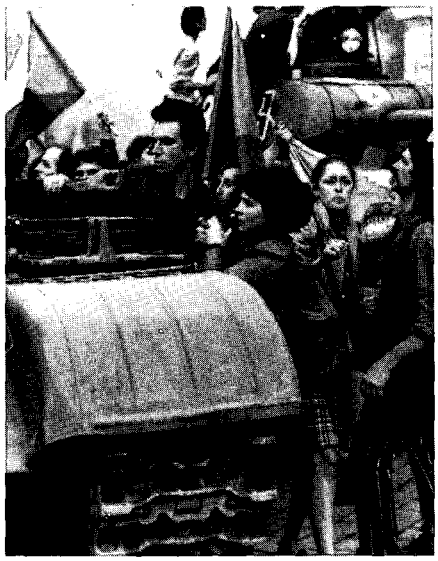
We'll never know. The producer and director of *Unbearable Lightness*, Saul Zaentz and Philip Kaufman, took Kundera's advice—to the letter. They shoved the politics, the ideas, the difficult parts of his story—which describes the spiritual collapse of Czechoslovakia after Russian tanks crushed the 1968 Prague Spring—into the backdrop. They reduced the moral scenario of the novel—the state's violation of private lives—into state-of-the-art rear-projection, magically superimposing our hero and heroine onto stock footage of the invasion. Up front is the love story, with all the novel's dangerous eroticism (Kundera updated Orwell's sex crimes) faithfully, often exquisitely, transposed into luscious flesh and bones. Far, far behind is the purpose, the reason for those lusty lovers and their emblematic passions: to spark a thought or two.

The first two "chapters" (they are only two-and-a-half pages long) of Kundera's book are about Frederick Nietzsche, not Tomas, the brainy Lothario who recites the story's meandering monologue. Invoking Nietzsche's myth of "eternal return," the narrator sets up the book's oblique title, the gist of which is a paradox, a brain-teasing trope. If we only get one life to live, inquires Kundera, when can we possibly learn to live it? How can any action have meaning if it is just a blind first try, blundering history repeating itself? It can't. Hence lightness: the helpless reverie, giddy anomie of a man cut off from himself, his memory, his will, and—here's where the tanks roll in—his culture and his country.

Try getting *that* across in a screenplay. Kaufman and his collaborator Jean-Claude Carrière (who skillfully articulated so many of Spanish filmmaker Luis Bunuel's philosophical kinks) don't even try. They commence with the easiest part of Tomas to get a grip on: his epic womanizing.

"Take off your clothes," is Tomas's favorite refrain, to which he sometimes attaches the amusing kicker, "Don't worry, I'm a doctor." He is a doctor, a brain surgeon, considerably younger in the person of actor Daniel Day-Lewis than the middle-aged, once-married narrator in the book. He is also, we are led to believe, a member of the intelligentsia. Not a card-carrier, perhaps, but empowered with observer status. He reads books, drinks in bohemian bistros. Amid freedom's brief bloom during the so-called Prague Spring, he wears a mask of arch cyncism, as if waiting for the walls to come tumbling down so he can say, "I told you so."

Torn between the exotic sexplay (lightness?) tirelessly indulged in by his longtime mistress Sabina (Lena Olin) and the animal devotion (heaviness?) offered by his wife Tereza (Juliet Binoche), Tomas chooses both. And neither. He wants one, can't live without the other, a Casanovan dualism that purports to make him sexually irresistible. Take off your clothes! Gladly, doctor! *Snap*! another pallid, wanton Czech mistress unsheathes the naughty secrets of her repressed, East European desire.



Tomas and Tereza: *Prague Spring is dutifully observed but robbed of meaning.*

Day-Lewis (whose mannered élan served him better in *Room With a View* and *My Beautiful Laundrette*) strikes a handsome pose in the retro-intellectual look his costumers have conceived for him: skinny black suits, black turtleneck, black Ray Bans, a three-inch high eraser-head of jet-black hair. Undeniably cool he is, but it's impossible to see why women, especially the two important ones, are so magnetized by his supercilious, superficial attitude.

The two women are Day-Lewis's stark opposite: complicated, intriguing embodiments of feminine mystique. The most memorable scene in the film is strictly *entre elles*. Tomas's wife and mistress have acquiesced to an amicable rivalry by the time Tereza, a photographer, arrives at her rival's studio, an erotic playpen, to take a session of nude shots with Sabina as her model. Having long fantasized about being present at the scene of one of Tomas's transgressions, she exacts a quiet vengeance for his adultery through the lens of her camera. Sabina then steals the camera and puts a blushing Tereza on the receiving end of the lens. The two actresses in tandem evoke a mood of fragile intimacy and taut sensuality, a scene that isn't remotely obscene. Amazingly, this is a Hollywood film whose god is Eros not Pornos.

Keep *Unbearable Lightness*'s point of origin in mind. By Hollywood standards, it is long (the book can be read faster than the movie's 2 hours, 47 minutes) and serious in a way that American movies seldom are. It is meticulously filmed (by Sven Nykvist) in iron-curtain grays that aren't always pretty but bristle with integrity.

But Kaufman's plodding, dutiful seriousness is hardly ever broken by a shaft of the novel's "lightness." The tanks come. The principals exile themselves to Switzerland. Tomas and Tereza return to the newly disciplined Czech state and become subjects of Big Brother. Ultimately, the couple beats a bucolic retreat to a farm run by an eccentric rustic and his amusing pig Mefisto. The events of the novel are dutifully observed but robbed of meaning.

"In the kingdom of kitsch, you would be a monster," Sabina tells Tomas during one of their *outré* tussles, quoting verbatim from Kundera. (Tomas, the cynic and realist, professes kitsch to be his great bugbear.) But the visceral crescendo of emotion Kundera builds in his long account of the death of Tomas and Tereza's beloved dog Karenin is brusquely reduced in movie time to a scant few minutes. The event Kundera dispensed with so offhandedly—the death of Tomas and Tereza—Kaufman inflates into a lachrymose finale that fairly drowns in kitsch.

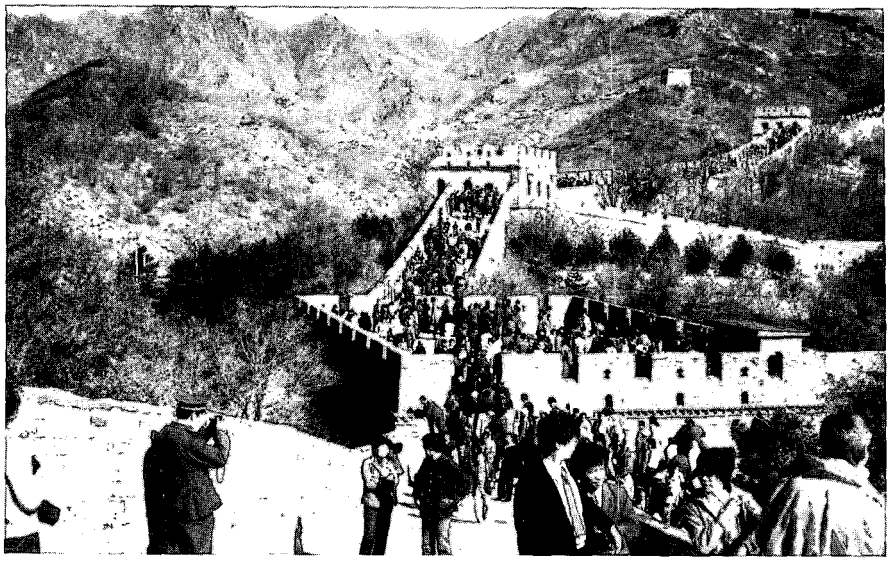
When Kundera asked for "the love story," did he expect everything else to be shucked down the memory hole?

Richard Marin is television critic for the Washington Times.

Chairman Mao's Role Model

By Steven W. Mosher

The Chinese Emperor, by Jean Levi
New York: Harcourt Brace Jovanovich, 341 pages, $18.95



China's Great Wall: *The first emperor of the Chin dynasty hoped to soak up the wealth of the country, thus rendering the people pliant.*

Bureaucratic totalitarianism is often thought to be an invention of the 20th century, an evil alchemy of 19th-century Marxist ideology and 20th-century Leninist bureaucracy capable of transmuting precious freedoms into base slavery. But credit for this political sorcery must be given where credit is due. The inventor of the iron cage of totalitarianism is not Vladimir Ilich Lenin—though it is of course his specter that looms over the peoples of the Soviet Union and Eastern Europe—but an emperor of ancient China, the Ch'in Shih Huang Ti, or first emperor of the Chin dynasty.

Throughout most of Chinese history, peasants could go about their daily lives unmolested by the government, except for taxes and occasional stints of corvée labor. However despotic the ruler who sat on the dragon throne, however much he terrorized his courtiers at the capital and his officials in the cities and major towns, off in the villages a kind of grassroots democracy flourished. Peasants summed up their freedom from oppressive government in a folk saying: "Heaven is high and the emperor is far away."

The first emperor of the Chin dynasty, who unified China for the first time in 221 B.C., sought to collapse this distance between himself and his subjects. During an age when the reach of even the most ambitious rulers exceeded their grasp, the Chin emperor sought to make all the population of China accountable to him. Acting through an enormous cadre of bureaucrats, a complex skein of laws, and a highly elaborated ideology, he very largely succeeded. In so doing the Chin emperor became the archetype for a political monster that has become all to common in our modern age. More than two millennia before George Orwell coined the term, ancient China endured the world's first Big Brother.

The Chin emperor is a household name throughout the Orient, yet few in the West, outside of a handful of Orientalists, have heard of this grandfather of all despots. Now French sinologist Jean Levi's new novel, based closely on the historical record, makes his story accessible to all.

We are introduced to the Chin emperor as a young man. Blessed with an acute mind, but limited by a weak constitution, he is a Chinese Strelnikov, a classical ascetic of the type that make such formidably single-minded revolutionaries. Pleasures of the flesh bore and even repel him, and he throws all of his energies into the quest for power. He launches a series of campaigns that soon bring most of what constitutes modern China into his domain, creating the largest empire the world had known up to that time. For the next 12 years, until his death in 210 B.C., he rules with an iron hand.

But it is his specific policies that so stunningly anticipated the bureaucratic totalitarian empires of our own century. To begin with, a special cadre of inspectors was established to keep watch over officialdom. At the provincial level, for example, there was a civil governor, a military commander, and a political commissar. The duties of the commissar were, like their latterday counterparts in Communist countries, to spy on the governor and military commander and make sure that they did not deviate from the official line or criticize government policy.

The emperor's credo was that "a wise prince doesn't ask his subjects to behave well—he uses methods that prevent them from behaving badly." Every arena of life was to be regulated. The people were not permitted to bear arms, and all weapons were confiscated and sent to the capital. Trade was viewed as "parasitical activity" and was made illegal. Wandering minstrels were banned and replaced by authorized troupes of singers and musicians whose repertories had to be approved by the Ministry of the Interior.

DEBBIE BANKLER

As the laws proliferated, the bureaucracies charged with enforcing them waxed large. Fierce punishments calculated to squelch any murmur of resistance were meted out to violators. For major capital crimes, not only the offender but his whole family were annihilated. Those convicted of lesser crimes were sent by the millions to the gulag, where they labored on government projects. Yet still there was dissent.

It was the wealth of the country, the Chin emperor concluded, that made the people more difficult to govern. To be rendered pliant, the people must be reduced to penury. To kill off the parasites—orators and scholars, thieves and troublemakers—all surpluses must be destroyed. Only a hand-to-mouth existence would cure the people of seditious thoughts.

At first, with an eye to squandering the rich peasant stocks of grain and livestock, the Chin emperor launched a series of wars of conquest. But in the peace that followed each campaign the peasants confounded him by quickly waxing more prosperous than before.

What was required, he saw, was a project of such monumental dimensions that it would soak up the wealth of the country for a decade or more. After considering a range of proposals, he reached his decision. The empire would undertake to shut itself in against the unruly savagery of the outside world. Millions of slaves and convicts were sent north, and work began on the Great Wall.

At the same time the world's first cult of personality was invented. Clever ministers attributed godlike powers to the Chin emperor, and official bards spread stories of his fabulous accomplishments throughout the length and breadth of the empire. One minister had carved in the rock of a sacred mountain gigantic footprints, four feet long and two feet wide, and let it be known that these had been made by the august emperor's shoes. At the summit of another sacred mountain another minister had placed a set of chess pieces as tall as a man. The emperor, he avowed, had ascended the mount and played chess with the gods. Everywhere steles were raised with deeply carved inscriptions lauding the emperor and the accomplishments of his rule. "All men under the sun work with one heart," these read in part. "Morals have been standardized. Neighbors keep watch on one another, relatives inform on relatives, and thieves lie low!" Few among his fearful and awestruck subjects dared disobey the Chin emperor's edicts.

Still, despite the harshness of his laws and the strength of his personality cult, the occasional act of sedition did occur. The only way to achieve perfect control over his subjects, the emperor reasoned, was to eradicate thought itself.

"I must be the sole criterion of truth," the Chin emperor said to himself. "A law that was the subject of debate ceased to be a law at all: it was no longer natural or necessary. Did people discuss the validity of hunger or thirst?...His edicts must be like night and day, autumn and spring, bringing life or death, plenty or devastation. He must stultify his people, emptying their hearts."

An imperial edict was issued:

"Anyone owning classical books or treatises on philosophy must hand them in within thirty days. After thirty days, anyone found in possession of such writings will be branded on the cheek and sent to work as a laborer on the Great Wall or some other government project. The only exceptions are books on medicine, drugs, astrology, and agronomy.

"Private schools will be forbidden. Those who wish to study law will do so under government officials.

"Anyone indulging in political or philosophical discussion will be put to death, and his body exposed in public.

"Scholars who use examples from antiquity to criticize the present, or who praise early dynasties in order to throw doubt on the policies of our own, most enlightened sovereign, will be executed, they and their families!

"Government officials who turn a blind eye to the above-mentioned crimes will be deemed guilty by virtue of the principle of collective responsibility, and will incur the same punishment as that inflicted for the offense itself."

The consequences of the edict were swift and devastating. Pyres of burning books lit up the cities and towns, as China's ancient literature was reduced to ashes. For possessing forbidden texts, 3 million men had their faces branded with the stamp of infamy and were deported to the Wall. Numerous scholars committed suicide in protest, while others hanged or drowned themselves out of fear.

But it is for his punishment of 463 famous Confucian scholars that the Chin emperor is notorious. These were individuals that the emperor personally tried and found guilty of conspiracy, sabotage, and lese-majesty. He sentenced them to the five tortures—beating, amputation of the nose, branding of the cheek, amputation of the feet, and castration. They were then buried up to their necks in the earth and their heads crushed by chariot wheels.

The late Chairman Mao Zedong, an avid reader of historical chronicles, was a great student and admirer of the Chin emperor. When his enemies castigated him as a second Chin emperor, China's worst political epithet, he was not insulted but flattered. He complained only

Book Hints

Capitalism for Kids, by Karl Hess (Wilmington, Del.: Enterprise Publishing, 247 pp., $9.95 paper), evokes visions of lemonade stands and candy sales. But this is much more than a how-to for would-be entrepreneurs. It is a primer in political economy that shows the values *behind* capitalism. Above all, this is a book about individual responsibility and self-respect, about children learning to make their own choices.

One child's choices make a compelling real-life tale in **Freedom's Child**, by Walter Polovchak with Kevin Klose (New York: Random House, 246 pp., $17.95). Polovchak, who had come to the United States with his parents, chose to remain behind when his mother and father abruptly decided to return to the Soviet Union. Polovchak's saga is a compelling tale of a boy determined to battle the courts, the KGB, the ACLU, Soviet and American officials, and his parents so that he might stay in America.

Political turbulence often inspires good literature, and Lu Wenfu's **The Gourmet, and Other Stories of Modern China** (London: Readers International, 243 pp., $16.95/8.95, distr. by Persea) is just that—a potent, lyrical collection of tales by a Chinese author who grapples with China's political upheavals and current struggles between socialism and capitalism. **—L. S.**

that the comparison somewhat understated his accomplishment. "The Chin emperor put only 463 scholars to death," he said. "I have put 463 *thousand* scholars to death."

That was, for a modern totalitarian dictator, a strikingly candid statement to make. One of the few political advances that has been made in the past century is the incorporation of the Lie. While the Chin emperor was never afraid to say what he was up to, Mao Zedong and other modern despots, rare moments of candor aside, either say nothing about what they are doing or disguise it by ideology.

Mao's other improvement on the archaic despotism of the Chin emperor came in the realm of thought control. While Mao, like the Chin emperor, was in the habit of simply murdering those who engaged in seditious acts, he was less harsh towards those who merely thought or spoke them. Instead of ordering their execution, he required them to attend struggle sessions, at which they publicly recanted their political sins. Thus humiliated, they thereafter seldom posed political problems for the authorities.

The Chinese Emperor is a book that deserves to be read twice, once as a fast-paced tale of intrigue, adventure, and power, and once more as a chilling harbinger of the second Chin emperor to come.

Steven W. Mosher is director of Asian Studies at the Claremont Institute and the author of Broken Earth: The Rural Chinese *and* Journey to the Forbidden China.

The Paradoxes of War

By Steven R. Postrel

Strategy: The Logic of War and Peace, by Edward Luttwak
Cambridge, Mass.: Harvard University Press, 283 pages, $20.00

Edward Luttwak is frequently lumped in with the "military reform" movement. His popular essays and books like *The Pentagon and the Art of War,* which focus on topical questions of policy, organization, doctrine, and tactics, lead many casual readers (and journalists) to see him as one more talking head in the military debate. Among "defense intellectuals" Luttwak is seen as a kind of temperamental virtuoso. His complex and lucid analyses of policy combine acid exposure of folly, careful exposition of pertinent historical examples, and a probing mind that moves in web-like patterns.

With *Strategy: The Logic of War and Peace*, Luttwak aspires to provide a framework for understanding the dynamics of conflict, a framework so general that it encompasses and integrates every instance and aspect of war. The goal is nothing less than to "uncover the universal logic that conditions all forms of war as well as the adversarial dealings of nations in peacetime." He acknowledges the "inordinate ambition" inherent in such a project; if judged successful, future scholars will set this work alongside Sun Tzu's *Art of War* and Clausewitz's *On War.*

The main thesis of *Strategy* is that adversarial relations cannot be analyzed successfully by applying "linear" logic, the kind of commonsense reasoning that searches for the most direct and obvious solution to a problem. Rather, a "paradoxical" logic underlies conflict, a logic that as a routine matter turns strength into weakness, safety into peril, victory into defeat, and even war into peace.

Luttwak illustrates this point with numerous cases, some historical, some generic and hypothetical. Consider, for example, a general who is pondering which of two possible routes to use in sending his forces to attack the enemy. One road is well paved and capacious, the other rocky and narrow. The poor road, if used, will exact significant losses—disabled vehicles, fatigued troops, and delayed movement. It stands to reason, then, that an advance over the good road is preferable; but this falls into the trap of linear logic, for the defender will surely realize the superiority of the good road and block it. By the paradoxical logic of conflict, the "good" road can become the "bad" road and vice versa.

This simple example even leads to a new grasp of the elusive concept of surprise. One achieves surprise, partial or total, essentially by shooting oneself in the foot, by doing things the hard way: attacking at night or in bad weather, moving without proper preparations, taking the difficult route instead of the easy. What is more, the *costs* of surprise are now made plain: they are the losses of fighting power implied by choosing the unexpected approach.

Luttwak goes on to show that paradoxical logic underlies the battle of measures and countermeasures surrounding technical innovations in warfare; the advances and retreats of victors and vanquished in continental wars; the quest for cheap, narrowly specialized means of combat that will defeat expensive, general-purpose forces; the dangers of a territorial defense that is too successful; and even the ways in which peace can carry the seeds of war. In every instance, linear logic fails, because the presence of an active opponent, with a will of his own, falsifies the assumptions underlying that logic.

The book does not stop with its explication of the role of paradox but instead shows how nonlinear reasoning plays itself out on the different levels of conflict: technical, tactical, operational, theater, and grand strategic. The illustrative example of this discussion is an issue of more than academic interest to the peoples of the free world, namely, the prospects for nonnuclear defense of NATO

against a Soviet conventional attack.

Luttwak focuses on the many proposals to counter the Warsaw Pact's huge advantage in armored units by deploying large numbers of relatively cheap infantry armed with precision-guided antitank missiles. His analysis shows convincingly that while antitank missiles look like cheap and deadly "wonder weapons" at the narrowly technical level, once our vision opens up to the tactical effects of terrain, weather, artillery, and morale, this impression is dispelled.

When we move up another level, to operational considerations, our original view is completely reversed; the (Soviet) aggressor's ability to concentrate huge quantities of armor and mechanized infantry on narrow sectors of the defensive line allows his tanks to overwhelm the missile teams. From the theater-level vantage point, this concentration effect is magnified. The Soviet attackers choose the time and place for their armored thrusts, so all their forces have impact; the vast majority of the essentially static missile teams are deployed far from the actual zone of combat, powerless to affect the outcome.

This discussion serves as a springboard to consider wider issues: NATO's strategic predicament, nuclear deterrence, the role of deep interdiction strikes, and finally, the ultimate level of grand strategy—encompassing politics, economics, and culture, as well as geography and military force. Luttwak homes in on the fundamental difficulty in pursuing grand strategic designs—the tendency for common sense and linear logic, which in nondespotic societies are the correct guides for domestic conduct, to leak over into foreign policy. Thus, nations in search of security sometimes overdo military buildups to the point of provoking hostile responses, while earnest seekers of peace on occasion pursue disarmament and gestures of goodwill to the point of becoming irresistible prey for their rapacious neighbors.

Strategy is emphatically an effort at description, not prescription. The final chapter lists a host of caveats about trying to implement the book's theory. All too aware of the subtleties and complexities of practice, as opposed to the cleaner and simpler certitudes of theory, it is natural that Luttwak should affix a warning label to so theoretical a book.

Yet the weaknesses of *Strategy* lie not in its academic impracticality, as one reviewer has suggested, but rather in the failure to push its theoretical analysis far enough. Going back to the example of the general choosing a good or a bad road, we can imagine the attacker and defender each trying to guess the other's plan. And, assigning probabilities to various options, we can imagine an *equilibrium*, in the sense that even if each general learned the other's strategy, neither would change his behavior. Such equilibria, well known in modern game theory, lurk unseen behind many of Luttwak's discussions of paradoxical logic.

These equilibria would give his restless dynamic of reversals a conceptual point at which to settle down, thereby taking some of the mystery out of paradoxical logic. Analysis in terms of game theory, which has become the primary language of contemporary microeconomics, would also modify Luttwak's contention that economic life is dominated solely by linear logic. In fact, most interesting phenomena in industrial organization—collusive pricing, entry deterrence, choice of technological standards—are driven by logic that is frequently paradoxical. Here, high costs may be more profitable than low costs, the irrational may outpace the sane, and truthful announcements of new products may reduce social welfare.

Setting aside these parochial quibbles, I believe that this book is destined to have a profound influence on the thinking of military and foreign policymakers as well as scholars. If its insights are absorbed by enough Americans, perhaps this nation's foreign policy debates can be raised to a level where wisdom is more common than folly.

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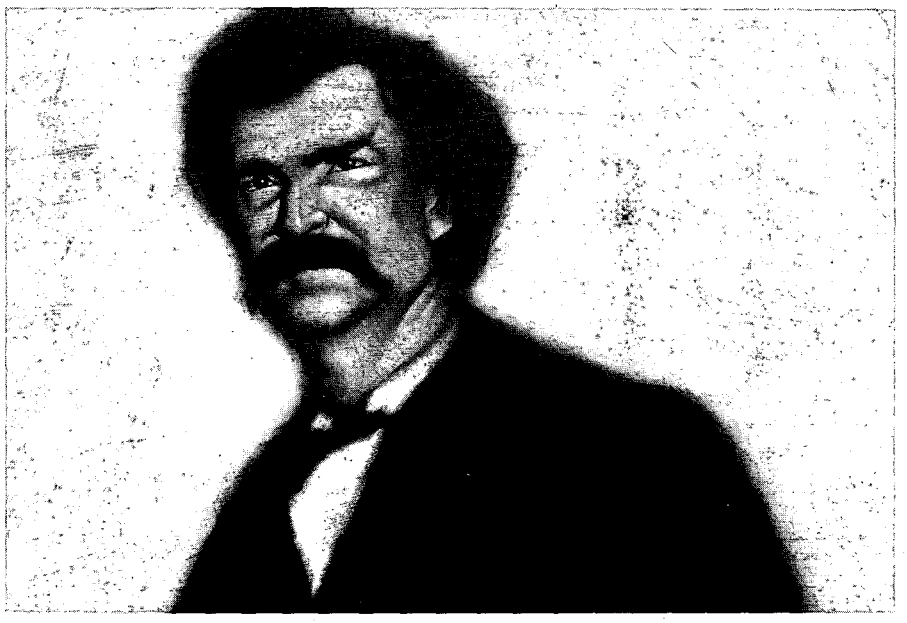
Mark Twain, Un-Disneyfied

By Jeff Riggenbach

The Outrageous Mark Twain, by Charles Neider
New York: Doubleday, 348 pages, $16.95



TIM TEEBKEN

Mississippi riverboats and boyhood idylls—that's the essence of the more-or-less official, Disneyfied Mark Twain. Judging from Disneyland, from the recent musical production of his best known novel, *The Adventures of Huckleberry Finn*, and from the uninspired adaptations of his stories about Huck and Tom Sawyer that show up these days on cable TV, you'd have to conclude that the essence of Twain's appeal lies in his nostalgic recreation of childhood when the world

was young.

Yet how preposterous this Mark Twain must seem to anyone who knows his work well! For Twain's famous boys' books are not innocent and nostalgic at all; nor, for that matter, are they even books for boys. They are books for adult readers. They are cynical in attitude and grittily realistic in manner. And the only lesson they have to teach the young or anyone else is that "respectable society" is a sham, that duly constituted authority is generally ignorant and pigheaded, and that the claims of true friendship should count for far more than those of law, tradition, and the norms of right and acceptable behavior in the society one chances to be born into. In a word, Twain's famous "children's books" are subversive.

Mark Twain was not primarily a novelist. Nor was he primarily a poet of the Mississippi. What sort of writer *was* Mark Twain, "primarily"? He was a commentator on the passing scene, a critic of contemporary ideas. He filled the magazines and newspapers of his time with opinion pieces on all the major public issues of the day, from the latest visit by the British Royal family (what would he have made of Charles and Di?) to the Spanish-American War. He also wrote out his comments on such issues for his famous talks from the platform, for he was, you might say, the Lenny Bruce of his day and made a goodly percentage of his living from that end of the business.

It is sometimes asserted that Twain became bitter, misanthropic, and pessimistic in his later years, but the truth is that these attitudes and the ideas that served to rationalize them had been with him from the very beginning of his public career—as had a strong bawdy streak.

The Outrageous Mark Twain is a sampling of this more ornery side of the author. It includes nothing entirely new, though it does contain five chapters on religion from Twain's *Autobiography* that have never before appeared in book form. It also includes the infamous "1601," in which Queen Elizabeth, Shakespeare, Ben Jonson, Francis Beaumont, Sir Walter Raleigh, and assorted others discourse on such topics as farting and "ye manners and customs of many peoples."

Another piece laboriously but rather mildly ridicules certain widely recognized cliches about the afterlife—the idea that we will all spend eternity playing harps and singing in a heavenly choir, for example. Later in this same selection, an extract from "Captain Stormfield's Visit to Heaven," Twain describes a heaven that libertarians might like to believe in: "That's the main charm of heaven—there's all kinds here—which wouldn't be the case if you let the preachers tell it. Anybody can find the sort he prefers, here, and he just lets the others alone, and they let him alone."

And there is Twain's once famous, now obscure assault on "Christian Science," nearly 160 pages of sarcasm, invective, and ridicule, all hurled at the unlikely figure of Mary Baker Eddy. Whether one shares Twain's estimate of his target's importance or not, one can enjoy the vibrancy and wit of his performance for its own sake, and for its historical value.

It was while doing just this (enjoying the performance for its own sake) that I suddenly realized who Twain had been reminding me of for pages and pages—H. L. Mencken. Mencken never made any secret of his admiration for Twain, of course. But I suggest that it isn't until you get into reading the polemical Mark Twain that you realize how much Mencken learned from Sam Clemens.

Mencken might easily have written the passage in this collection in which a poor Chinese immigrant describes the extortion racket practiced on newcomers to the land of the free and the home of the brave by the Consuls who greet them on their arrival: "My employer tells me that the Government at Washington know of this fraud, and are so bitterly opposed to the existence of such a wrong that they tried hard to have the extor—the fee, I mean, legalized by the last Congress, but as the bill did not pass, the Consul will have to take the fee dishonestly until next Congress makes it legitimate."

He could also have written this passage: "All Christendom is a soldier camp. During all the past generation the Christian poor have been taxed almost to starvation-point to support the giant armaments which the Christian Governments have built up, each to protect itself from the rest of the brotherhood and, incidentally, to snatch up any patch of real estate left exposed by its savage owner."

This incessant build-up of armaments against each other by the various "Christian Governments" of the world, Twain wrote, "the singular game, which is so costly and so ruinous and so silly, is called statesmanship—which is different from assmanship on account of the spelling."

And Twain did not disdain only Christianity. "There are many pretty and winning things," he wrote, "about the human race. It is perhaps the poorest of all the inventions of the gods but it has never suspected it once.... I could say harsh things about it but I cannot bring myself to do it—it is like hitting a child."

Myself, I don't find this kind of talk outrageous at all. I agree with some of it, disagree with some of it, and enjoy all of it. But I wouldn't call it outrageous.

Just honest. Realistic. And skeptical—damned skeptical.

Contributing Editor Jeff Riggenbach is a freelance writer, editor, journalist, commentator, critic, teacher, and audio producer.

America's Version of Censorship

By George Leef

American Broadcasting and the First Amendment, by Lucas A. Powe, Jr. Berkeley: University of California Press, 295 pages, $22.50

In this splendidly written book, Lucas A. Powe, Jr., examines an issue that has drawn little scholarly attention—the rationales for and results of federal regulation of the broadcast media. Powe, a professor of law at the University of Texas, takes a position very much at odds with the orthodox view that regulation is on the whole a good thing. Powe argues that federal regulation has been persistently misused to stifle criticism of those in power and has reduced the usefulness of broadcast media in promoting free speech by inhibiting wide-open discussion of issues. His argument, cogently presented and well documented, has attracted widespread attention, even among policymakers.

Powe's book offers a much-needed counterweight to the frequently heard claim by many liberal intellectuals that we need a new First Amendment in which the government has an affirmative duty to regulate all communications media, including the traditionally untouchable print media, so as to guarantee "fairness" and "access for all viewpoints." These intellectuals fear that the dissemination of ideas and information will become the exclusive prerogative of the very wealthy, leading to a society in which the only ideas heard are those that support the status quo.

From its earliest years on, regulation of broadcasting has been used to silence or intimidate.

There is, of course, nothing new in the assertion that society must be protected from the influence of the rich. Variations on that argument have been around for a long time. Nor is Powe's book intended as a direct refutation of that position. Instead, he calls into question the notion that we can count on such regulation to accomplish its intended goal.

Powe shows that, from its earliest years on, federal regulation of broadcasting has repeatedly been used to silence or intimidate people who would use the airwaves to criticize those in power. The Federal Communications Commission (FCC), with its various regulations (especially the now-defunct Fairness Doctrine) and its power to decline to renew a station's license, has been used by both Democratic and Republican administrations to strike fear into the hearts of opponents.

Especially interesting is the chapter on the assault on the media during the Nixon administration. But for the intervention of Watergate, Powe shows, Nixon might very well have succeeded in silencing many of those who opposed him.

Economists of the "public choice" school of thought have long argued that we should not expect regulators to act according to the so-called public interest. Rather, their regulating will largely reflect their own self-interest. Those who think government regulation is a means to make markets act in ways more consistent with what they see as the common good are almost certain to be disappointed with the results.

Powe's history of broadcast regulation is entirely consistent with the public choice critique of regulation in general. It should invoke rethinking about the advisability of reinterpreting the First Amendment in a manner that would require the FCC to guarantee "fairness."

Powe's book is also especially good in its analysis of the rationale for governmental regulation. Ask almost any legal theorist why we regulate broadcasters but not publishers, and the instant reply is "scarcity." Supposedly anyone can print a pamphlet or begin a newspaper, but because of the finite limits of the electromagnetic spectrum, not everyone can communicate over the airwaves. Hence the need to regulate the latter.

Powe does a marvelous job in dissecting this feeble line of reasoning. "It is true that if everyone broadcasts, no one can be heard," he writes. "But it is also true that if everyone at a park speaks at the same time, no one can be heard and, equally, that if you write your message on a piece of paper and I write mine over it, no one can read your message." But, he observes, "the real-world solutions are that most people listen rather than speak at the park and that our system of property rights prevents the person who does not own the paper from writing over the owner's message. It is not technical scarcity that is at work but lack of a property mechanism to allocate the right to broadcast."

Exactly. Our great mistake in this field was made very early, when legislators decided that the solution to the problem of stations interfering with one another's broadcasts was federal licensing and regulation rather than allowing the courts to work out the problem by applying common-law property concepts to radio and television broadcasting. Had we followed the latter course, we might have suffered with a somewhat untidy broadcast spectrum for a longer period of time, but we would not have had to endure the long-term problems that have accompanied government regulation.

Powe's research is solid, his logic sharp, and his writing engaging. I predict many future citations of his work in law review articles, essays on public choice theory, and (I hope) some court opinions.

George Leef is a professor of law and economics at Northwood Institute in Midland, Michigan.

The Soviet Economy: A Hopeless Cause?

By Paul Craig Roberts

Gorbachev's Challenge: Economic Reform in the Age of High Technology
By Marshall Goldman, New York: Norton, 296 pages, $16.95

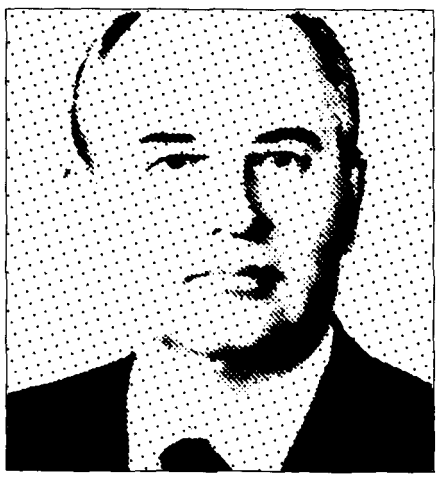
The Soviet economy long ago ceased being the wave of the future. Fundamental reform has been the watchword ever since the early 1960s when Soviet economist Evsei Liberman tried to rationalize the system by substituting profits for gross output indicators. Harvard University Sovietologist Marshall Goldman in his book; *Gorbachev's Challenge*, makes it clear that every conceivable reorganization of Soviet central planning has been tried—all to no avail. Gorbachev's challenge is: how do you reform a system that cannot be reformed?

The answer is that you have to abandon it. Goldman senses this himself, and the longest chapter in his book is about the Chinese economic reforms of Deng Xiaoping. Goldman writes that "it may well be that future historians will proclaim Deng the true revolutionary of the twentieth century." Deng is clearly what used to be called a great man. He is the first to lead a totalitarian coercive economy back to private property, individual incentive, profits, and production for market. China has even reintroduced the capital market. Enterprises are allowed to sell stock to the public and use the proceeds to buy equipment. A bond market was opened in Shenyang in August 1986, and stock markets in Shanghai in September

1986 and in Beijing in January 1987.

Goldman makes it clear that the ideological and vested-interest opposition, which has frustrated previous reform efforts in the Soviet Union, is unlikely to allow Gorbachev to travel the Deng road. Moreover, he doubts that Gorbachev understands that the failures of the Soviet economy do not reduce to human failings but are deeply systemic.

What is likely to happen? Here there is only speculation. Gorbachev might reform himself out of power by pressing harder than others are willing to go. On the other hand, he might achieve,



Mikhail Gorbachev: *It's doubtful he can travel the Deng road.*

and be satisfied with, marginal improvements that would make him a relative success.

One thing is certain. The Soviets are concerned about falling behind in technology. The United States and its allies could, if the desire existed, make the Soviet Union's massive military investment obsolete and vastly reduce Soviet power on the world stage. That the Soviet rulers worry about a possibility that the West cannot even contemplate is, perhaps, an indication of the different nature of their priorities and goals.

Practically speaking, the Gorbachev reforms might become part of the trappings for acquiring Western technology. Gorbachev can use the fabulous publicity Ronald Reagan gave him to make it socially chic for Western bankers and industrialists to compete in lavishing loans and joint ventures on the Soviet economy. They might never see their money again, but they can boast of their progressiveness in saving Gorby from the Soviet hawks. The mindlessness of the West is one thing Lenin thought the communists could always count on.

Academics such as Goldman have amassed much detailed information about the Soviet system, but they lack a paradigm for interpreting it. Consequently, they can never tell a grand tale. Their books contain interesting details and perceptive observations but are nevertheless boring.

There is a grand tale to be told, but it has to creep out between the lines of every page. The grand tale is the utter superiority of private property. Revolutions that attempted to achieve socialist economic organization that would be superior productively and morally to private property have now demonstrated that no such outcome is possible. The Chinese have understood, if only intuitively, that the absence of private property is an enormous tax on production, a tax that their society with massive population and little capital literally cannot bear. It apparently never occurs to Goldman that his history of the reform efforts points time and again to attempts to achieve the results that flow from private property.

It is possible that Goldman knows this but feels that he cannot say it and be successful. Western Sovietologists have not been without their own antipathy to the market. Moreover, the Soviet Union can influence their relative success by deciding who gets access to its archives. An unfriendly critic is unlikely to receive Soviet help in sharpening his scholarly edge.

I have argued that the Soviet story is one of the interaction of speculative excess or utopian aspirations with refractory reality. But scholars cannot see this as long as they believe that Soviet central planning originated not in an effort to eliminate the market but in a decision to squeeze agriculture in order to rapidly industrialize. Alexander Gerschenkron's dogma "that hardly anything in the momentous story of Soviet economic policies needs, or suffers, explanations in terms of its derivation from Karl Marx's economic theories" has blinded scholars to the meaning of their material.

Paul Craig Roberts holds the William E. Simon Chair at the Center for Strategic and International Studies in Washington, D.C. He is the author of Alienation and the Soviet Economy, Marx's Theory of Exchange, *and* The Supply-Side Revolution.

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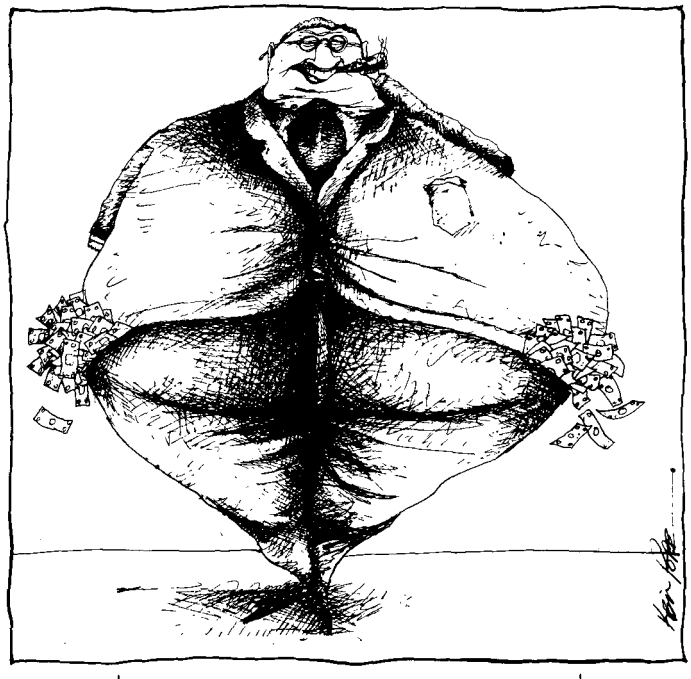
TRILLION-DOLLAR TROUBLE

BY JAMES BOVARD

The latest problem with the Social Security system—a surplus of nearly $40 billion—could be far more dangerous than previous Social Security cliffhangers. In the past, the system repeatedly tottered on the edge of bankruptcy; in the future, a massive surplus in the Social Security trust fund could give politicians the ammunition to take over the American economy.



This is the fourth major Social Security crisis in 16 years. In 1972, 1977, and 1983, Congress rushed through bailout packages to rescue a Social Security system that was in imminent danger of defaulting on benefit payments. Congress decided in 1983 to massively increase the Social Security system's reserves over the next half century to "finance" baby boomers' retirement. The Social Security Commission thus raised Social Security taxes sharply, wiping out the 1981 income-tax cuts for most wage-earning Americans.

The paranoid Social Security experts on the commission and in Congress wanted a surplus, but they failed to predict that the one they were creating would balloon to $12 trillion by the year 2035. Says Sen. Bob Packwood (R-Oreg.) now, "The information was available, but I don't think anyone paid much attention to it." Sen. Pete Domenici (R-N.M.) observes, "I don't think we focused on it because it was rather incredible."

Social Security is based on the idea that government can "save" money—thus building up a nest egg for each citizen's retirement. But the government doesn't bury young workers' money in the back yard and then dig it up when the workers reach retirement age. If Social Security payroll taxes exceed benefit obligations, politicians "invest" the surplus in Treasury bills.

As a result of the Social Security tax hike of 1983, the system's revenue now far exceeds benefit obligations—and the surplus will mushroom to $93 billion by 1993 and $500 billion by 2020. This surplus could mean that no big-spending politician need go frustrated anytime between now and 2040.

Giving politicians a half-trillion-dollar surplus to play with is like giving a six-year-old an Uzi. Washington analyst Tom Miller puts it succinctly: "As the Teamsters used to say, 'But the pension fund was just sitting there.' " Social Security in the future could be a double-whammy for the American economy: first, Congress will drain the economy's lifeblood by pulling out billions of dollars a year in payroll taxes; then, Congress will turn around and use that hoard to throw wrenches into the economy.

After the Social Security surplus piles so high that politicians have exhausted their capacity to waste money in the public sector, there will likely be a big push for government to invest in the private sector. On the surface, this would be preferable to allowing politicians to spend all the money on the day it arrives in the Treasury. But with trillions of dollars of surplus piling up, government could soon be able to dominate the economy.

Pension fund socialism is a likely result. Money would be available for a thousand Chrysler bailouts, for massive subsidies to unproductive farms, and for "saving" every inept corporation between Miami and Seattle. Government could buy a share of private companies—and then, a few years later, politicians could easily take over daily management of companies, dictating social goals, labor policies, and investment strategies. The Zairean model of development would finally arrive in America.

On the bright side, the surplus provides a golden opportunity for citizens to escape from the floundering Social Security system. If the feds can't bring themselves to privatize Social Security, thereby restoring Americans' free choice about investing for their own retirement, at least they could reduce payroll taxes to only what Social Security needs to pay current benefits—and then require citizens to deposit the remainder of what they previously paid in taxes in a private savings account.

The new private accounts would be citizens' own property, though they'd be denied access to their stash until age 62. This would greatly reduce Social Security's drain on capital accumulation and would stimulate the savings rate. Making the savings accounts mandatory, though reprehensible to libertarians, would satisfy frightened voters' belief that they need to be saved from themselves.

Social Security will never be more trustworthy than the average member of Congress. Social Security makes life in America less secure by forcing people to rely on politicians who have no idea in hell what they are doing. The growing Social Security trust-fund surplus could either bankrupt the nation or provide an escape from political bondage.

James Bovard is an adjunct analyst for the Competitive Enterprise Institute in Washington, D.C.

KEVIN POPE

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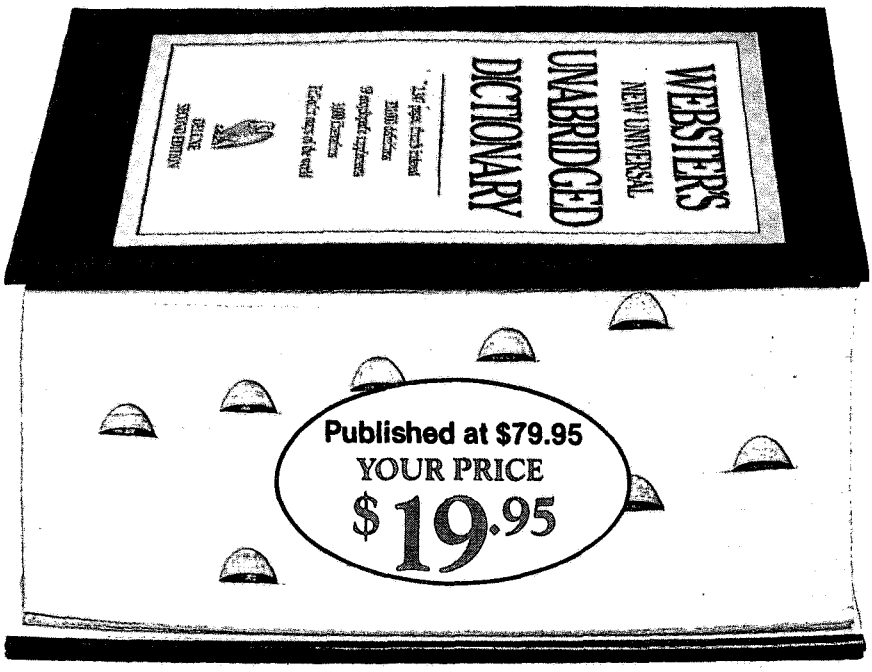

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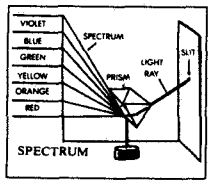

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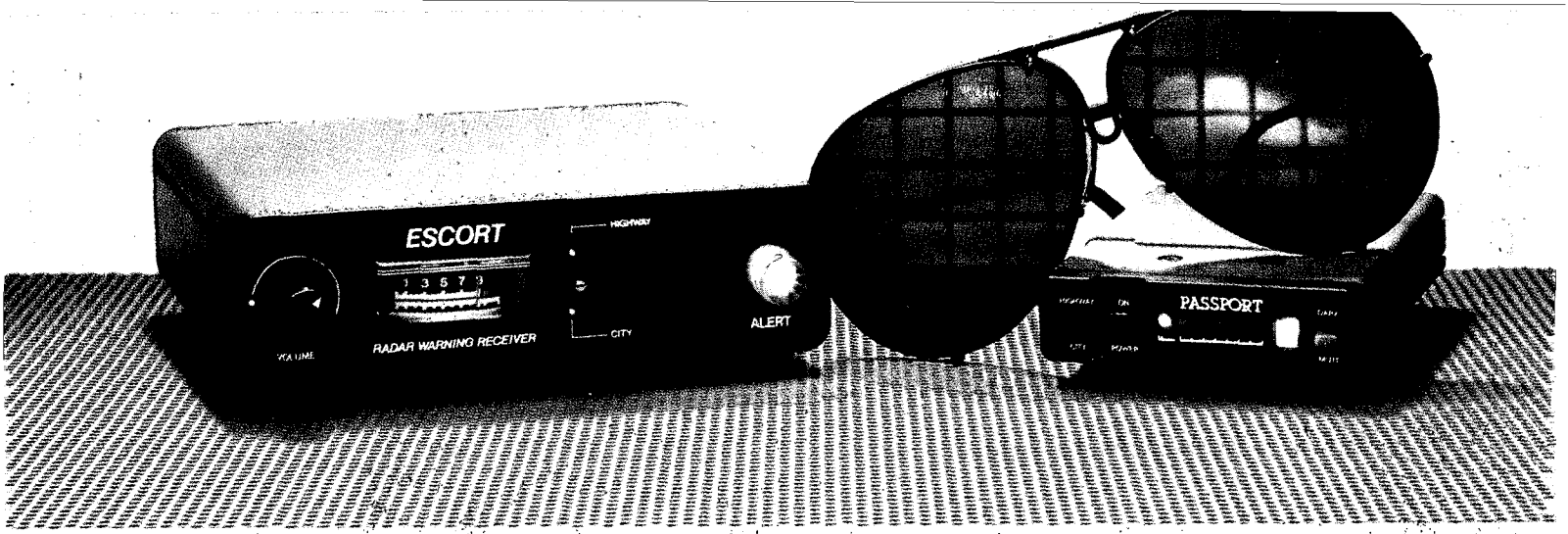

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